THIRTY FOURTH BIENNIAL REPORT

OF THE

# Tax Commissioner

OF THE

## State of North Dakota

TO THE

## Governor and Department of Accounts and Purchases

For the Biennial Period July 1, 1977, to June 30, 1979

Date of Publication: December, 1979

BYRON L. DORGAN, TAX COMMISSIONER

NORTH DAKOTA TAX DEPARTMENT
STATE CAPITOL, BISMARCK, NORTH DAKOTA 58505

This report was prepared by C. W. Cudworth, Research Analyst for the North Dakota Tax Department

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State of North Dakota

OFFICE OF THE TAX COMMISSIONER

Bismarck

December 1, 1979

To: The Honorable Arthur A. Link, Governor

Dean Conrad, Director of
Accounts and Purchases

I hereby submit the Thirty-fourth Biennial Report of the Tax Commissioner for your consideration.

The Report covers the operations of the Office of the State Tax Commissioner for the period July 1, 1977, through June 30, 1979, and is submitted pursuant to Sections 54-06-04 and 57-01-02 of the North Dakota Century Code.

Very truly yours,

Byron L. Dorgan

Byron L. Dorgan
Tax Commissioner

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## POWERS AND DUTIES OF THE TAX COMMISSIONER

1. Shall perform all the duties enjoined upon him by law;
2. Shall exercise general supervision over all assessors of general property or other taxes, over township, county, and city boards of equalization and over all other assessing officers, in the performance of their duties, to the end that all assessments of property be made relatively just and equal in compliance with the laws of the state;
3. Shall direct actions and prosecutions to be instituted to enforce the laws relating to the penalties, liabilities, and punishments of persons, officers of corporations, public officers, and others, for failure or neglect to comply with the provisions of law governing the returns, assessments, and taxation of property, income, or other objects of taxation, cause complaints to be made against officers for neglect or refusal to comply with the law, and generally shall enforce all tax proceedings and revenue laws of the state in the proper courts;
4. May require state's attorneys of the several counties to assist in the commencement and prosecution of actions and proceedings for the violation of any laws in respect to assessment or taxation;
5. May require township, city, county, and other public officers to report information as to the assessment and collection of property and other taxes, receipts from licenses and other sources, the expenditure of public funds for all purposes, and such other information as may be needful in the administration of the tax laws, in such form and upon such blanks as he may prescribe;
6. May summon witnesses to appear and give testimony and produce books, records, papers, and documents relating to any matter which he or the state board of equalization may have authority to investigate or determine, and may cause the depositions of witnesses residing within or without the state, or temporarily absent therefrom, to be taken, upon notice to the interested parties, if any, in like manner as depositions of witnesses are taken in civil actions in the district court;
7. May require a reassessment of property in any county to be made in accordance with chapter 57-14, whenever that is deemed necessary, or may require county auditors to place on the assessment rolls property which may be discovered and which has not been taxed according to law;
8. Shall examine carefully all cases where evasions or violations of the laws of assessment and taxation of property or other objects or subjects of taxation are alleged, complained of, or discovered, and shall ascertain wherein existing laws are defective or are administered improperly or negligently;
9. Shall transmit to the governor and the department of accounts and purchases on or before the first day of December of each year after the regular session of the legislature as prescribed by section 54-06-04 the report of the commissioner and state board of equalization, with such recommendations as shall seem advisable;
10. Shall visit other states and confer with taxing officials and attend tax or other economic conferences or conventions, in person or by his authorized agent;
11. Shall certify all levies, assessments, equalizations, or valuations made by him or the state board of equalization, not more than thirty days after the same have been made, or at periods otherwise provided by law;
12. Shall have the power to execute reciprocal agreements with the appropriate officials of any other state under which he may waive all or any part of the requirements imposed by the laws or statutes of this state upon those who use or consume in the state of North Dakota, gasoline, other motor vehicle fuel or special fuel upon which the tax has been paid to such other state, provided that the officials of such other state grant the equivalent privileges with respect to gasoline, other motor vehicle fuel or special fuels used in such other state upon which the tax has been paid to the state of North Dakota.

Specific duties assigned to the office of the State Tax Commissioner are set out in Title 57, NDCC, and in Section 15-40.1-04, NDCC.

## GOALS AND OBJECTIVES OF THE TAX DEPARTMENT

The major objective of the Tax Department is to collect tax revenue for the operation of state and local government through the uniform and fair administration of the tax laws. To accomplish this, it is necessary to attain several complementary goals.

The first of these complementary goals is to obtain the Citizens' voluntary compliance with tax laws. The Tax Department strives to foster such compliance by informing the public about the general tax structures as well as specific tax laws. This is accomplished through the issuance of rules and regulations, guidelines, instructional booklets, and public meetings. Generally, citizens who understand their obligations are willing to fulfill them.

The second complementary goal is that of enforcing compliance with tax laws when a person or persons refuse to voluntarily submit tax returns and/or remit taxes due. This goal is accomplished by our compliance personnel, tax auditors, and collections officers whose duty it is to enforce such compliance through procedures set out in Title 57 of the North Dakota Century Code.

The third complementary goal is that of employing the best personnel possible and providing opportunities for personal and professional growth within the organization. We consider human resources our most important asset; thus, a concern for our people, the men and women who work in the department, is an essential objective. We feel that attitudes and policies toward our employees are more important than adherence to rigid directives. Flexibility and the encouragement of innovative ideas provide opportunities for personal growth and give each employee a chance to find his or her professional capacity within the general objectives of the department. We seek to assist this growth through appropriate training programs and seminars.

The fourth complementary objective involves allowing individual freedom to our employees within the structure of our general objectives. Such freedom is essential to foster creativity and initiative. The Tax Department uses a "results oriented" management system which allows for the establishment of goals and provides the freedom to achieve them. We feel this is the key to successful and effective management. We believe that such a system provides a healthy environment because personnel are working to accomplish goals they have helped set for themselves within the context of broader departmental objectives. As opposed to management by directive, our system offers opportunities for individual freedom and contribution while fostering initiative and creativity among our employees.

The fifth complementary objective is to use the money provided by the legislature wisely and effectively in meeting the objectives of the department. Because the Tax Department's management system is "results oriented," we are committed to make the best use of dollars provided by the legislature. To do this, we attempt to design programs which permit us to realistically measure the efficiency of a system (a way of doing something) in terms of its costs and related effectiveness. We try to differentiate between uncompromising efficiency, which results in paring services by spending the least amount of money, and effectiveness, which means providing a service in the best possible manner. We believe in minimizing the dollars spent on administrative costs, but we attempt to do this without jeopardizing the interests of the state and taxpayer.

## ORGANIZATIONAL STRUCTURE OF THE TAX DEPARTMENT

Several departmental divisions comprise the organizational structure of the Tax Department. The Commissioner's Division is the administrative nucleus of the Tax Department; the Controller's Division performs accounting functions, provides staff services, and collects delinquent taxes; the Legal Division provides the support of legal counsel; and the Sales and Special Taxes Division, Income Tax Division, and Property Tax Division administer the several different state taxes under the direction of the Tax Commissioner. The following summaries provide additional explanations of the divisional functions and operations of the State Tax Department.

### COMMISSIONER'S DIVISION

The Commissioner's Division bears ultimate responsibility for the general administration of the Tax Department. The Division also serves as the Department's primary research center, coordinates the Department's data processing needs and manages the Department's personnel functions.

The Tax Commissioner is the chief administrator of the Department and the final arbiter of Department policy; and, in addition, the Tax Commissioner serves on several administrative boards either related to or independent of the Tax Department. The Tax Commissioner is Secretary to the State Board of Equalization, which certifies tax assessments for public utilities whose properties lie within several taxing units. As Secretary to the Board, the Tax Commissioner is responsible for determining tentative valuation of these properties. The State Board of Equalization also equalizes property tax assessments between counties and districts; therefore, the Tax Commissioner oversees regular studies of real estate assessments collected by his Department. In addition to his position as Secretary of the State Board of Equalization, Commissioner Dorgan is Chairman of the Governor's Commission on Commercial Air Transportation. This commission investigates, analyzes and publishes statistical evaluations of North Dakota's air transportation. The Tax Commissioner is also a voting member of the Multistate Tax Commission, an organization which provides, through the mutual cooperation of its member states, the capability of state revenue departments to enforce tax compliance laws as they apply to multistate businesses. Tax Commissioner Byron L. Dorgan chaired the Multistate Tax Commission for two years.

The Deputy Commissioner is responsible, with the Commissioner, for determining administrative policy for the Tax Department. The Deputy Commissioner oversees personnel management, data processing coordination, tax research, implementation of tax policies, development of criteria for effective management, and supervises the finalization of tax forms, instructions, rules and regulations. With the Commissioner, the Deputy has ultimate control over budgeting and fiscal decisions of the Department. In addition, the Deputy assists the Commissioner by attending meetings and hearings as the Tax Department liaison with other governmental and nongovernmental organizations.

The Research and Statistics Section assists in the preparation of biennial revenue forecasts for the Department of Accounts and Purchases, the Governor's Office, and the Legislature. The biennial report of the State Tax Commissioner to the Governor and Legislature is prepared and published by the Research and Statistics Section, as well as statistical reports and comparative analyses of tax collections. It is the responsibility of the Research and Statistics Section to prepare estimates and projections of fiscal implications of all proposed legislation which deals with State revenues when requested by the Legislative Council and to estimate current and future fiscal impact of all administrative rulings proposed by the Tax Commissioner. The Research and Statistics Section also maintains files of legislation affecting state finance and develops and maintains statistics on state tax revenues to provide information and analyses to the Tax Commissioner.

The function of the Data Processing Section is to evaluate data processing requests, to design, test, and implement new computer systems and to publish computer system documentation. The Data Processing Section also maintains current data processing systems and communicates with all users. Additional responsibilities are to develop and monitor physical security measures, review security methods and recommend changes, and control access to IRS and state data files. The Data Processing Section controls data entry input and schedules and controls production from computer systems.

The Personnel Management Section is responsible for recruitment of new employees, establishment and maintenance of the Department's training program, and compliance with Equal Employment Opportunity regulations. Personnel Management also performs job analysis and classification, maintains employee records and administers the Department's wage and salary plan. Another function of the Personnel Management Section is to assist in Department-wide planning by aiding each division in establishing objectives for management and determining criteria for the measurement of performance.

### CONTROLLER'S DIVISION

The Controller's Division of the Tax Department consists of three sections: Accounting, Accounts Receivable and Staff Services.

The Accounting Section is the center of business transactions for the Tax Department. One function of this section is to prepare a request for legislative appropriation and to assist with the biennial revenue estimate. In addition, the Accounting Section prepares an internal budget, analyzes and forecasts expenditures, and monitors and reports on budget performance. All tax payments made to the department are processed and recorded, and reports and financial statements are prepared for management information and auditing purposes. The Accounting Section also has the responsibility for preparing the payroll of all department employees and for processing and reporting all expenditure transactions for the Department. Internal audits are conducted to determine compliance with policies and procedures and to monitor the efficiency of all divisions and sections of the Tax Department. Subsequent to the audit, recommendations are offered to improve the overall effectiveness of the Department.

The function of the Accounts receivable Section is to collect delinquent taxes. Whenever any division within the Tax Department is unable to collect its own specific kind of tax from a taxpayer, the account is referred to the Accounts Receivable Section for collection. Preestablished procedures used for the collection of delinquent taxes include telephone and written communication with taxpayers, mailing of final notices requesting payment of taxes and, if necessary, the Accounts Receivable Section may resort to civil or criminal legal action. It is the policy of the Accounts Receivable Section to initiate legal action only in those cases where the taxpayer fails to respond to collection attempts. Taxpayers always are given ample notice and opportunity to comply with requests for payment of taxes.

The Staff Services section is responsible for providing mail service, central stenographic services and offset printing, as well as maintaining a central records area for the Tax Department. Centralization of these functions within the Controller's Division provides employees with a means of increasing their productivity and aids in the efficient operation of the entire Department.

## LEGAL DIVISION

The Legal Division of the Tax Department is comprised of attorneys who provide legal advice and counsel to all divisions within the Tax Department. They respond to inquiries by the Commissioner, legislators, other officials and citizens, and prepare opinions on questions of taxability. They also assist in reviewing and drafting department administrative rules pursuant to the provisions of The Administrative Agencies Practices Act and are responsible for these rules being filed with the Attorney General and the Legislative Council.

During the North Dakota legislative session, the legal staff develops and drafts bills for the Tax Commissioner to be presented for consideration by the legislature. At the conclusion of the session the legal staff interprets new or amended laws for promulgation of rules by the Tax Commissioner and implementation by the Tax Department.

It is also the duty of the legal staff to conduct formal hearings before the Tax Commissioner, or his designated representative, when requested by taxpayers, to prepare a written decision for the Commissioner and to represent the Tax Department in litigation brought by or against the Tax Commissioner.

## SALES AND SPECIAL TAXES DIVISION

There are three sections within the Sales and Special Taxes Division: Sales and Use Tax, Estate Tax, and Motor Fuels and Miscellaneous Tax.

The state retail sales tax is added to the purchase price of products and services and is collected by businesses and remitted to the state. The function of the Sales and Use Tax Section is administration of this tax. This is accomplished primarily through monitoring compliance and conducting field audits. This section issues new permits, revokes permits of those delinquent in reporting sales, and cancels tax permits issued to businesses which are no longer operating. When sales tax returns are filed, data from those returns is entered at the Tax Department and processed by computer at Central Data Processing. In addition, the Sales and Use Tax Section grants or denies taxpayer requests for exemptions; conducts hearings and negotiates settlements; issues administrative tax rulings; provides guidelines, rules and regulations for retailers and other taxpayers; reviews compliance with sales and use tax regulations in out-of-state purchases; and informs the public sector regarding laws pertaining to sales and use tax. Field audits encompass both in-state and out-of-state establishments doing business in North Dakota. Approximately 750 field audits are conducted each fiscal year resulting in additional sales tax assessments of about $1.8 million annually. Taxpayer assistance to new permit holders and response concerning issues of taxability are also functions of field audit.

The Estate Tax Section supervises North Dakota's tax on property transferred at death. Administration of estate tax requires that all estate tax returns be examined for accuracy and compliance. Review is made of all supporting documents, the title status of real property and intangible assets, and distribution of the estate in accordance with law. The Estate Tax Section develops policies and procedures for finalizing estates and provides analysis of legislation when requested by legislative committees or the Tax Commissioner. Other functions of the Estate Tax Section include maintaining estate tax records; informing the public about estate tax laws, policies and procedures; and responding to taxpayer inquiries.

Fuel taxes, special taxes and miscellaneous taxes are collected and audited by the Motor Fuels and Miscellaneous Tax Section. On a monthly basis, licensed dealers of gasoline and other motor fuels remit motor fuels taxes to this section of the Tax Department. An important function of the Motor Fuels and Miscellaneous Tax Section is the administration of the motor fuel tax refund to those consumers who use motor fuels for agricultural or industrial purposes. Computer programming is used to process these refund claims. Other fuel taxes administered by this section include an oil and gas gross production tax, administered quarterly to producers of oil and gas; an importers for use tax collected quarterly from persons importing gasoline from other states for use in North Dakota; an aviation fuel tax levied on all sales of aviation gasoline and jet motor fuel; and a special fuel excise tax on heating fuels. The Motor Fuels and Miscellaneous Tax Section also administers the following miscellaneous taxes: a tobacco products tax; and a musical composition performing rights tax on gross receipts from all sales, licenses and other dispositions of performing rights of music. In addition to administering the various taxes, the Motor Fuels and Miscellaneous Tax Section requests and reviews field audits to determine compliance with tax laws; interprets tax regulations and issues administrative rules; handles the review, issue and revocation of licenses and permits; and responds to taxpayer inquiries.

## INCOME TAX DIVISION

The Income Tax Division is comprised of two sections: one administers corporate income tax; the other administers the individual income tax. Both sections receive and process tax returns, perform audits, and provide taxpayer assistance.

The Corporate Income Tax Section administers the income tax and privilege tax imposed on corporations doing business in North Dakota, as well as the 5% and 2% privilege taxes for banks and savings and loan companies. The primary function of the section is to conduct in-office and field audits of all corporations, with primary field audit emphasis on the large multinational corporations. Other functions include audit selection and review, coordination and communication with the federal government and other states, redesign of tax forms, and preparation of statistical reports. The Corporate Income Tax Section also promulgates tax rules and regulations, issues administrative tax rulings, monitors litigation and recommends changes in tax laws. The section provides a valuable input into the legislative process.

Field audits are very time consuming and the number of audits is limited due to staff size; therefore, the Corporate Income Tax Section relies in part on a program of cooperation with the Multistate Tax Commission to perform field audits. The Corporate Income Tax Section also implements cross-checks and other investigative means to identify nonfilers to corporate income tax and to enforce compliance with filing requirements.

It is the function of the Individual Income Tax Section to administer the collection of individual income tax, as well as the business and corporation privilege tax as it applies to individuals, estates and trusts, and partnerships. Data from all individual income tax and business privilege tax returns is entered at the Tax Department and processed at Central Data Processing. The computers generate calculation worksheets that identify any returns which require additional attention. Returns are reviewed, claims for refund are verified and additional taxes due are computed and assessed. The Individual Income Tax Section has responsibility for performing both office and field audits and monitoring adherence to state tax withholding laws. In the area of compliance, the Individual Income Tax Section performs a cross-check of federal returns against state tax returns to identify possible nonfilers, investigates the reason for nonfiling and enforces filing requirements. The Individual Income Tax Section redesigns tax return forms and revises instructions to taxpayers to comply with statutory changes and improve understanding. During the income tax filing season, toll-free telephone service is provided to answer questions and assist taxpayers in completing their income tax returns. Tax Clinics are also conducted for taxpayers and tax practitioners to provide information on policy and law changes in tax forms and filing requirements.

This section also provides valuable input into the legislative process. The section promulgates tax rules and regulations, issues administrative tax rulings and monitors litigation.

## PROPERTY AND UTILITY TAX DIVISION

Property Tax is a major source of revenue for the financing of county, city and township government. While local government has the responsibility of assessing and taxing all classes of real property, the State Tax Department provides assistance to local government to assure that the property tax is administered equitably throughout the State.

The Property Tax Division, under direction of the State Supervisor of Assessments, works with local government to maintain equalization of property assessments between the various counties in North Dakota. To assure property tax equalization, the Property Tax Division performs biennial sales ratio studies, which compare assessed value of real estate with the sale price of property. If significant assessment variations exist between counties, steps are taken by the State Board of Equalization to equalize these assessments.

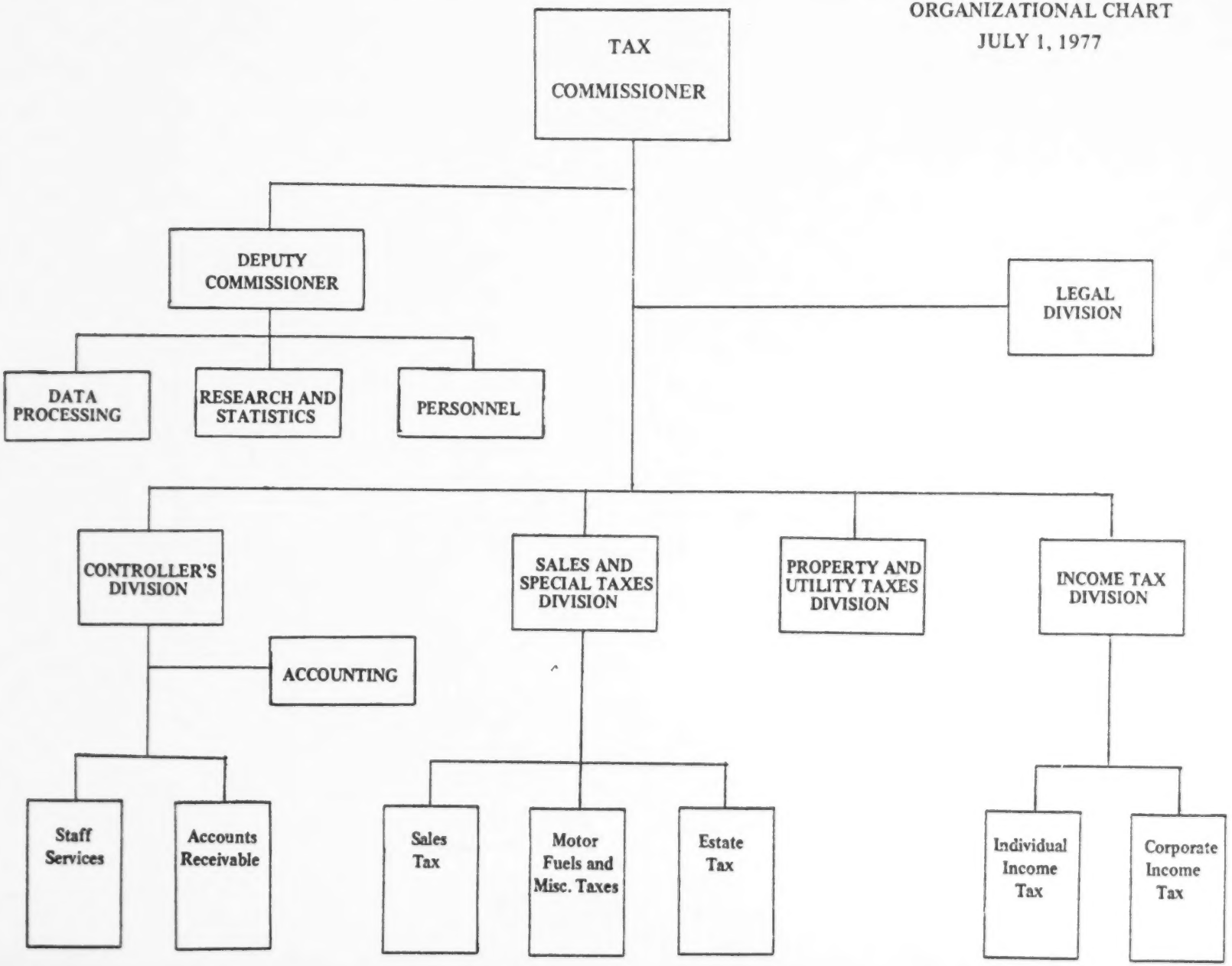
The Homestead Credit and Renter Refund program is also administered by the Property Tax Division. Under this state funded program, senior citizens and totally and permanently disabled persons who qualify receive a reduction of their property tax assessment or a partial refund of annual rent paid. The total amount of revenue lost to the counties by this reduction is reimbursed from the state general fund.

With the repeal of the personal property tax in 1969, a source of local revenue was removed. To supplant this loss, replacement monies from the state general fund are appropriated by the legislature for distribution among the various political subdivisions.

The Property Tax Division also conducts seminars for local government officials to improve administration of the property tax and holds property tax appraisal schools for assessors and other local tax officials. Tax statutes are interpreted, legal questions are reviewed and analyzed, and information is disseminated concerning changes in law or policy affecting property taxation. The Property Tax Division acts as the liaison between local property tax administrators and state officials. While the Property Tax Division does not directly administer the property tax, it functions as a statistical and informational resource center as well as a center of communication between all levels of government, to maintain efficiency, promote uniformity, and achieve equalization within the property taxing system.

The Utilities Tax Section assists the Tax Commissioner and the State Board of Equalization in making tentative valuations of utility property for property tax purposes. Most real porperty is assessed by local government; however, the property of public utilities such as railroads, airlines, electric and gas companies, etc., is assessed at the state level. After the Utilities Tax Section has completed its tentative valuations, the valuations are fixed by the State Board of Equalization. The Utilities Tax Section then certifies to each County Auditor to the value placed on the utility property located within that county, and the tax is administered by local government. It is also the responsibility of the Utilities Tax Section to administer the severance tax on coal and the energy conversion tax on electrical energy generating plants and coal gasification plants.

NORTH DAKOTA TAX DEPARTMENT
ORGANIZATIONAL CHART
JULY 1, 1977



## GROSS MONTHLY COLLECTIONS BY TAX COMMISSIONER

### July 1, 1977 – June 30, 1979

| | Sales & Use Tax | Income Tax[1] | Cig. Tax & Tobacco Products | Oil & Gas Gross Production Tax | Coal Severance Tax | Sales and Use Tax Cash Bonds | Motor Vehicle Use Tax (MVF) | Motor Vehicle Excise & Use Tax (G.F.) | Misc. Collection[2] | Estate Tax | Coal Conversion Facilities Tax & Transmission Line Tax | Motor Vehicle Fuel Tax[4] | Special Fuels Tax | Bus. & Corp. Privilege Tax | M.F. License Fees Tax | M. F. Tax Cash Bond | Totals |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| July, 1977 | $ 7,815,092.53 | $ 3,234,775.08 | $ 789,332.37 | $ 12,735.01 | $ 33,157.93 | $ 3,750.00 | $ 67,892.19 | $ 1,039,717.49 | $ 275.77 | $ 228,395.86 | $ | $ 2,434,756.62 | $ 655,119.38 | $ 334,251.40 | $ 132.00 | | $ 16,699,383.63 |
| August | 15,934,148.27 | 3,322,480.68 | 851,873.60 | 2,526,895.98 | 1,627,205.44 | 2,000.00 | 52,914.39 | 809,844.83 | 291.85 | 308,706.69 | 380,926.16 | 2,962,915.95 | 776,956.23 | 195,914.17 | 18.00 | 200.00 | 29,752,292.04 |
| September | 521,261.02 | 3,604,772.45 | 735,010.19 | 18,209.69 | | 2,950.00 | 63,062.79 | 1,001,778.98 | 454.88 | 289,115.96 | | 3,377,934.38 | 794,445.55 | 691,242.24 | 12.00 | | 11,100,250.13 |
| October | 4,738,987.76 | 4,039,388.71 | 688,285.15 | 30,519.64 | 21,419.11 | 350.00 | 63,015.86 | 915,674.55 | 100.18 | 142,766.72 | | 2,287,038.72 | 601,146.58 | 381,206.16 | 12.00 | 200.00 | 13,910,111.14 |
| November | 16,727,301.88 | 3,610,066.76 | 655,807.46 | 2,426,272.04 | 1,806,131.60 | 2,250.00 | 53,366.72 | 918,020.23 | 348.25 | 274,763.26 | 505,646.25 | 2,795,468.69 | 822,246.12 | 127,123.07 | 10.00 | 200.00 | 30,725,022.33 |
| December | 1,167,918.86 | 1,179,312.83 | 762,457.93 | 266,274.88 | | 1,000.00 | 46,271.68 | 799,087.30 | 53.61 | 199,592.25 | | 3,532,627.44 | 1,056,234.55 | 352,951.37 | 2.00 | | 9,363,784.70 |
| January, 1978 | 3,572,121.15 | 5,395,121.93 | 568,118.99 | 16,347.17 | 28,604.23 | 500.00 | 45,610.00 | 765,496.29 | 107.82 | 178,477.59 | | 1,503,520.98 | 446,388.58 | 175,974.72 | 6.00 | 1,200.00 | 12,697,595.45 |
| February | 17,714,835.71 | 8,506,727.91 | 686,875.80 | 2,666,165.96 | 2,008,502.10 | 1,500.00 | 55,131.89 | 776,875.28 | 129.86 | 131,011.37 | 482,939.68 | 2,139,562.93 | 806,104.58 | 919,364.92 | 2.00 | 200.00 | 36,895,929.79 |
| March | 773,625.45 | 9,996,904.09 | 665,232.32 | 16,433.16 | | 1,750.00 | 50,185.57 | 767,137.30 | 94.25 | 240,612.10 | | 3,422,180.41 | 1,251,558.32 | 1,609,808.54 | 10.00 | 400.00 | 18,795,931.51 |
| April | 1,148,228.79 | 24,939,096.75 | 571,841.92 | 186.84 | 24,833.10 | 800.00 | 61,816.17 | 862,627.47 | 15,384.53 | 79,343.66 | | 942,741.57 | 280,673.31 | 2,731,312.28 | 6.00 | | 31,658,892.39 |
| May | 15,006,220.58 | 17,298,281.03 | 945,253.03 | 2,737,561.53 | 2,306,208.15 | 4,950.00 | 81,585.66 | 1,188,998.63 | 288.70 | 571,704.85 | 548,485.00 | 3,112,243.56 | 965,792.68 | 903,425.49 | 2.00 | | 45,671,000.89 |
| June | 541,509.12 | 3,075,978.64 | 771,711.09 | 13,065.03 | | 6,950.00 | 93,333.93 | 1,255,498.41 | 236.48 | 252,077.63 | 86,535.00 | 3,907,438.38 | 1,161,744.62 | 633,483.59 | 6.00 | 200.00 | 11,799,767.92 |
| TOTALS FY-78 | $85,661,251.12 | $88,252,906.86 | $8,691,799.85 | $10,729,666.93 | $7,856,061.66 | $28,750.00 | $734,186.65 | $11,100,756.56 | $17,766.18 | $2,896,567.94 | $2,004,532.09 | $32,418,429.63 | $9,618,410.50 | $9,056,057.95 | $ 218.00 | $2,600.00 | $269,069,961.92 |
| July, 1978 | $ 5,060,758.00 | $ 5,688,351.66 | $ 882,092.14 | $ 62,481.31 | $ 30,453.20 | $ 7,200.00 | $ 82,921.23 | $ 1,241,403.60 | $ 157.14 | $ 290,773.87 | $ 41,868.54 | $ 2,838,429.32 | $ 761,525.73 | $ 319,728.58 | $ 6.00 | $ 500.00 | $ 17,308,650.32 |
| August | 17,869,650.15 | 5,267,218.91 | 695,791.11 | 2,872,544.47 | 2,682,707.94 | 4,800.00 | 86,930.31 | 1,193,713.13 | 732.40 | 238,354.23 | 596,919.75 | 3,530,161.54 | 872,508.88 | 327,884.48 | 10.00 | - | 36,229,925.30 |
| September | 413,567.57 | 4,489,268.25 | 750,526.09 | 4,459.79 | | 1,000.00 | 110,492.47 | 1,344,300.49 | 119.27 | 252,887.58 | | 3,030,227.17 | 746,008.74 | 736,677.96 | 2.00 | 200.00 | 11,879,737.38 |
| October | 5,697,278.26 | 5,922,726.76 | 825,970.53 | 502,525.08 | 12,964.49 | 250.00 | 89,150.39 | 1,074,016.89 | 205.97 | 291,975.41 | | 3,139,820.96 | 869,901.34 | 492,171.64 | 4.00 | 300.00 | 18,919,261.72 |
| November | 19,626,918.13 | 5,726,757.05 | 670,653.32 | 2,803,647.22 | 2,953,207.20 | 5,250.00 | 90,185.28 | 1,250,952.17 | 109.03 | 254,737.61 | 593,080.25 | 3,244,592.25 | 1,093,572.22 | 208,939.52 | | | 38,522,601.25 |
| December | 660,245.88 | 1,578,777.21 | 642,988.42 | 11.26 | 80,566.06 | 1,000.00 | 74,705.51 | 1,118,415.29 | 192.28 | 374,752.83 | | 2,800,386.40 | 906,641.17 | 235,965.32 | 8.00 | 200.00 | 8,474,855.63 |
| January, 1979 | 5,637,787.54 | 5,684,017.26 | 757,483.19 | 391,863.58 | 5,389.05 | 500.00 | 79,245.38 | 983,998.26 | 113.97 | 242,479.34 | | 2,642,707.11 | 870,163.46 | 303,627.05 | 4.00 | 400.00 | 17,599,779.19 |
| February | 19,201,336.37 | 9,085,659.23 | 544,570.66 | 3,117,626.64 | 3,106,899.99 | 4,550.00 | 86,677.98 | 1,129,310.18 | 118.54 | 83,073.56 | 512,215.08 | 1,474,933.28 | 583,911.81 | 688,873.44 | 2.00 | 435.00 | 39,620,193.76 |
| March | 925,872.40 | 6,963,940.51 | 701,870.91 | 40,630.16 | 2,099.07 | 2,750.00 | 59,483.60 | 845,740.85 | 17,893.79 | 263,412.25 | | 3,694,135.34 | 1,433,071.95 | 1,883,293.69 | 6.00 | 800.00 | 16,835,000.52 |
| April | 2,003,002.96 | 15,391,748.07 | 473,024.52 | 27,393.64 | | 1,500.00 | 85,624.32 | 1,107,114.51 | 795.65 | 523,672.76 | | 709,335.80 | 256,803.47 | 3,494,502.13 | 152.00 | 800.00 | 24,075,467.83 |
| May | 16,247,143.06 | 12,766,599.25 | 970,372.72 | 3,700,118.49 | 3,095,937.68 | 2,500.00 | 87,732.34 | 1,236,719.58 | 7,085.79 | 417,604.30 | 535,181.25 | 3,353,182.11 | 1,215,853.93 | 787,365.49 | 500.00 | 800.00 | 44,424,695.99 |
| June | 530,748.52 | 2,872,302.41 | 730,918.13 | 9,367.85 | | 1,750.00 | 113,807.63 | 1,508,504.15 | 194.77 | 293,897.44 | 244,498.50 | 3,237,848.75 | 1,217,948.13 | 756,439.47 | 428.00 | 200.00 | 11,518,851.75 |
| TOTALS FY-79 | $93,864,306.84 | $81,437,364.57 | $8,646,261.74 | $13,532,869.49 | $11,970,224.68 | $33,050.00 | $1,046,956.44 | $14,034,189.10 | $22,718.60 | $3,527,621.18 | $2,523,763.37 | $33,695,760.03 | $10,827,908.83 | $10,235,468.77 | $1,122.00 | $4,635.00 | $285,409,020.64 |

[1] The Income Tax collections for Fiscal Year ended June 30, 1978, includes $13,439.07 in Viet Nam Bonus Surtax collections. For Fiscal Year ended June 30, 1979, $5,456.51 was collected in Viet Nam Bonus Surtax.

[2] Includes Music and Composition Tax and City Occupancy Tax.

[3] May and June of 1979 collections include Gasohol Tax of $999.66.

SOURCE: Comparative Statement of Collections, North Dakota State Tax Department.
Motor vehicle fuel and special fuel tax data from Motor Fuels Section.

## COMPARATIVE STATEMENT OF COLLECTIONS
## FOR THE BIENNIUM ENDING JUNE 30, 1977 AND 1979

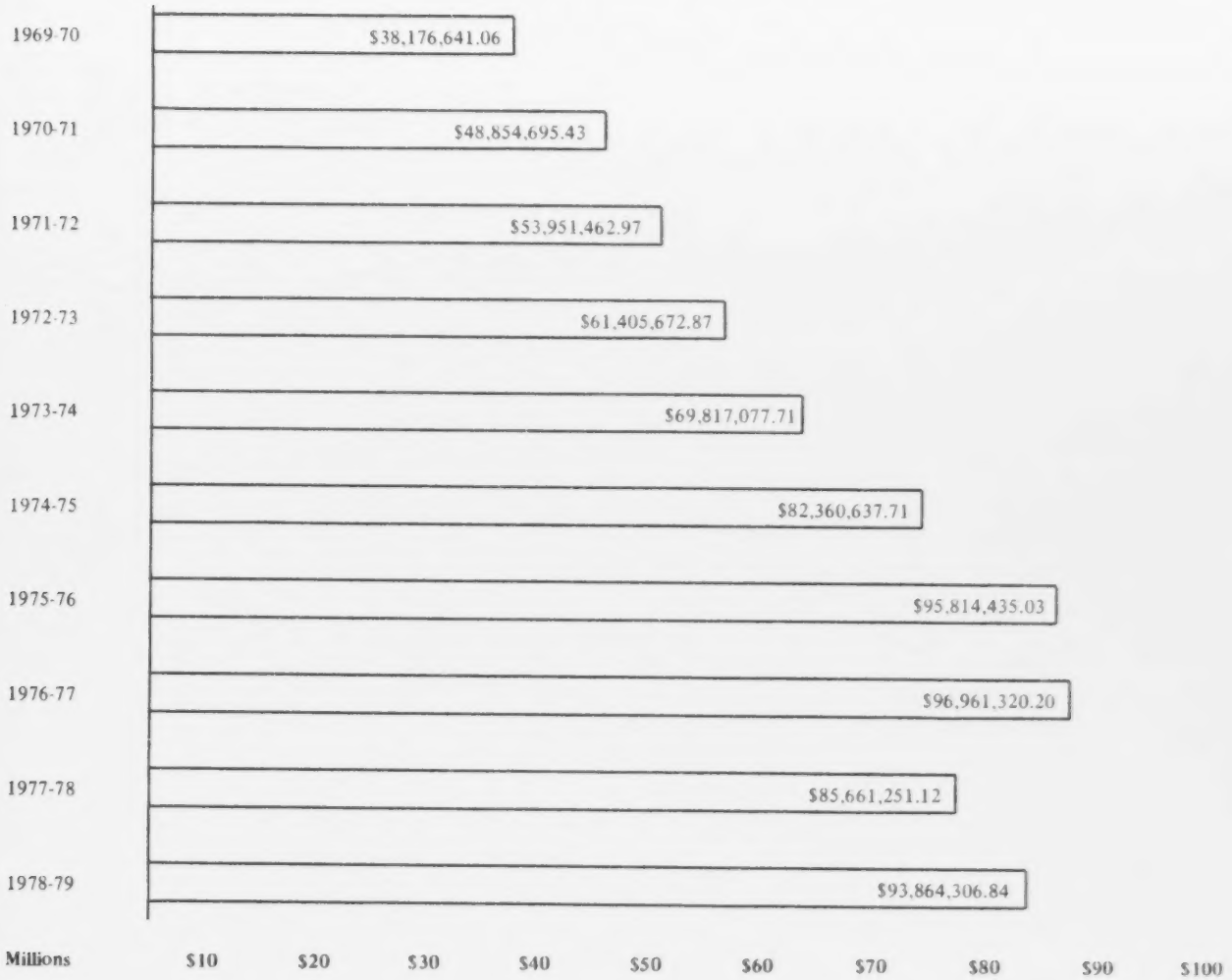
| | 1977-79 BIENNIUM | | | 1975-77 BIENNIUM | | | | |
|---|---|---|---|---|---|---|---|---|
| | GROSS COLLECTIONS | REFUNDS | NET COLLECTIONS | GROSS COLLECTIONS | REFUNDS | NET COLLECTIONS | Net Increase (Decrease) | % Increase (Decrease) |
| Sales and Use Tax | $179,525,558 | $ 737,874 | $178,787,684 | $192,775,755 | $ 254,054 | $192,521,701 | $(13,734,017) | (7.1) |
| Income Tax | 169,670,474 | 22,987,803 | 146,682,671 | 140,286,890 | 10,959,865 | 129,327,025 | 17,355,646 | 13.4 |
| Cigarette Tax (8¢ for General Fund) | 12,315,972 | | 12,315,972 | 12,273,512 | 641 | 12,272,871 | 43,101 | .4 |
| Tobacco Tax | 403,599 | | 403,599 | 374,116 | | 374,116 | 29,483 | 7.9 |
| Business & Corporation Privilege Tax | 19,291,527 | 289,306 | 19,002,221 | 19,757,885 | 164,668 | 19,593,217 | (590,996) | (3.0) |
| Music and Composition Tax | 33,111 | | 33,111 | 26,203 | | 26,203 | 6,908 | 26.4 |
| Motor Vehicle Use Tax | 1,781,143 | | 1,781,143 | 1,560,575 | | 1,560,575 | 220,568 | 14.1 |
| Motor Vehicle Excise Tax | 23,353,803 | | 23,353,803 | 24,564,821 | | 24,564,821 | (1,211,018) | (4.9) |
| Fuel Dealers Fees | 1,340 | | 1,340 | 1,552 | | 1,552 | (212) | (13.7) |
| Miscellaneous Collections | 5,370 | | 5,370 | 9,204 | | 9,204 | (3,834) | (41.7) |
| Cigarette Tax (3¢ for Cities) | 4,618,490 | | 4,618,490 | 4,602,568 | 240 | 4,602,328 | 16,162 | .4 |
| Oil & Gas Gross Production Tax | 24,262,336 | 120,024 | 24,142,312 | 17,571,443 | 148,197 | 17,423,246 | 6,719,066 | 38.6 |
| Motor Vehicle Use Tax (50% MVF) | 1,781,143 | | 1,781,143 | 1,560,575 | | 1,560,575 | 220,568 | 14.1 |
| Estate Tax | 6,424,189 | 160,018 | 6,264,171 | 3,144,092 | 42,966 | 3,101,126 | 3,163,045 | 102.0 |
| Transmission Line Tax | 372,902 | | 372,902 | 254,199* | | 254,199* | 118,703 | 46.7 |
| Motor Vehicle Fuel Tax | 66,114,190 | 9,068,006 | 57,046,184 | 56,685,999 | 8,786,339 | 47,899,660 | 9,146,524 | 19.1 |
| Special Fuels Tax | 20,446,319 | 2,517,937 | 17,928,382 | 15,625,876 | 1,760,997 | 13,864,879 | 4,063,503 | 22.7 |
| Sales & Use Tax Cash Bonds | 61,800 | 59,641 | 2,159 | 54,450 | 20,813 | 33,637 | (31,478) | (93.6) |
| Motor Fuel Tax – Cash Bond Fund | 7,235 | 2,735 | 4,500 | 13,600 | 6,000 | 7,600 | (3,100) | (40.8) |
| Vietnam Bonus Surtax | 18,775 | 7,357 | 11,418 | 201,504 | 11,338 | 190,166 | (178,748) | (94.0) |
| Coal Severance Tax | 19,826,286 | | 19,826,286 | 10,440,388 | | 10,440,388 | 9,385,898 | 89.9 |
| Privilege Tax on Coal Conversion Facilities | 4,155,393 | | 4,155,393 | 1,916,086 | | 1,916,086 | 2,239,307 | 116.9 |
| Cities Occupancy Tax | 7,004 | | 7,004 | | | | 7,004 | 100.0 |
| Gross Receipts Tax on Electric Generating Plants | | | | 814,440** | | 814,440 | (814,440) | (100.0) |
| Undistributed Income Tax and Vietnam Bonus Surtax | 1,023 | | 1,023 | 112,917 | | 112,917 | (111,894) | (99.1) |
| **TOTAL COLLECTIONS** | **$554,478,982** | **$35,950,701** | **$518,528,281** | **$504,628,650** | **$22,156.118** | **$482,472,532** | **$36,055,749** | **7.5** |

Source: Controller's Division, North Dakota State Tax Department.

*Includes collections of $37,875.00 that were due in FY-75.

**Includes collections of $125,560.30 that were due in FY-75.

## SALES AND USE TAX GENERAL FUND COLLECTIONS
During Fiscal Years Ended June 30, 1970 to 1979




NOTE: On July 1, 1969, the 3% base was broadened to include cigarette and tobacco products, oleomargarine and liquor sales (on and off sale).

On January 1, 1970, the 3% tax was increased to 4% and an exemption was provided for fresh and cured meat, fish and poultry, milk and milk products.

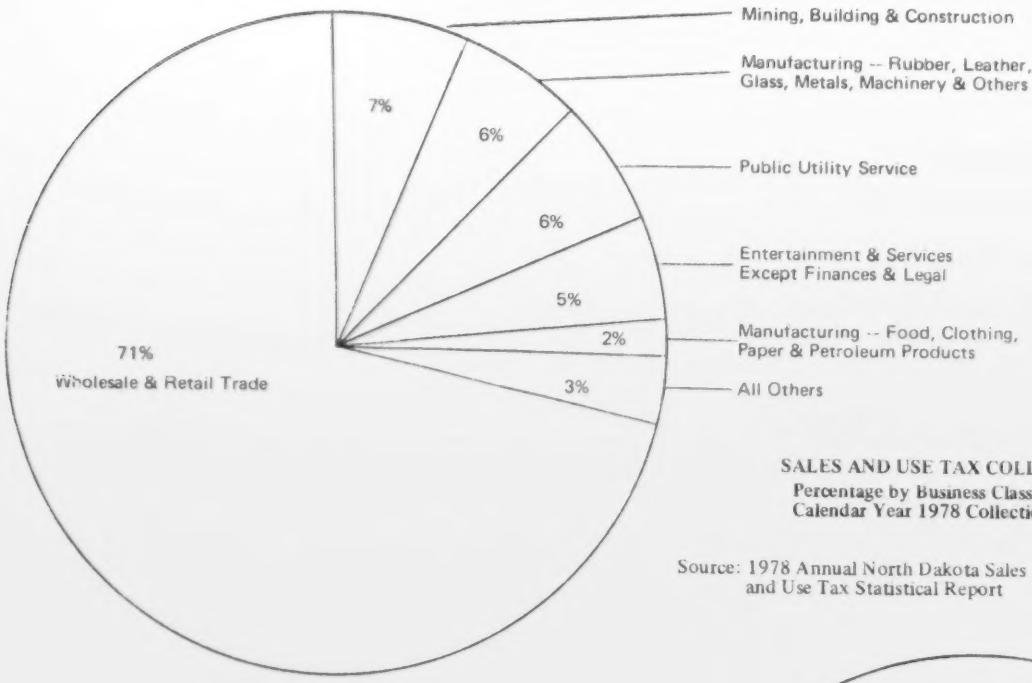
On July 1, 1973, the base was reduced by exempting food and food products for human consumption off the premises where purchased. This exemption extends primarily to groceries.

On January 1, 1977, the 4% tax was reduced to 3%; the tax on farm machinery and irrigation equipment was reduced from 4% to 2%; and the 4% tax on electricity was eliminated.

Figures do not include the Motor Vehicle Use Tax or the Motor Vehicle Excise Tax.

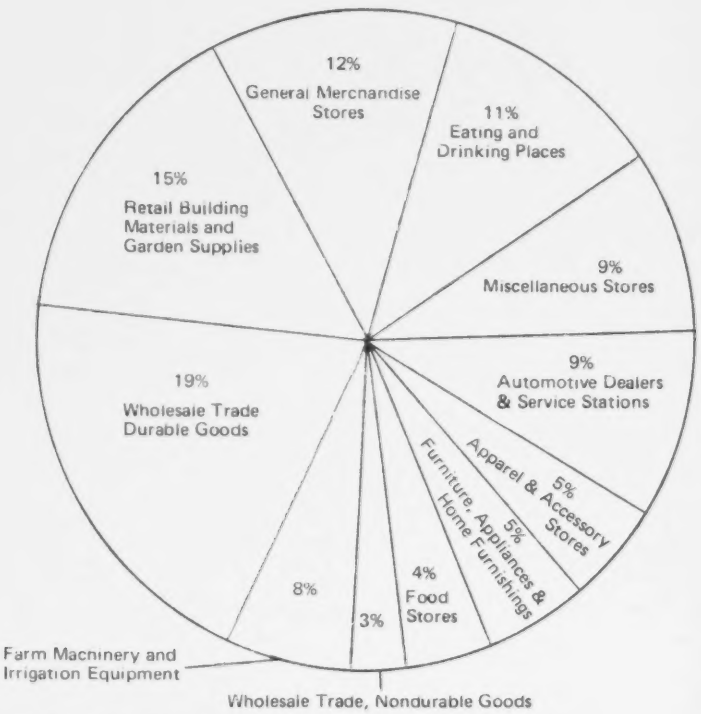
SOURCE: Comparative Statement of Collections, North Dakota State Tax Department.

## STATEWIDE SALES AND USE TAX STATISTICS BY BUSINESS CLASSIFICATION




**SALES AND USE TAX COLLECTIONS**
**Percentage by Business Classifications**
**Calendar Year 1978 Collection Period**

Source: 1978 Annual North Dakota Sales and Use Tax Statistical Report




**SALES AND USE TAX COLLECTIONS**
**Wholesale and Retail Trade**
**Calendar Year 1978 Collection Period**

Source: North Dakota Tax Department, TX-1323 Records.

The above figures represent sales and use tax collections at the tax rates which were associated with the calendar year 1978 collection period.

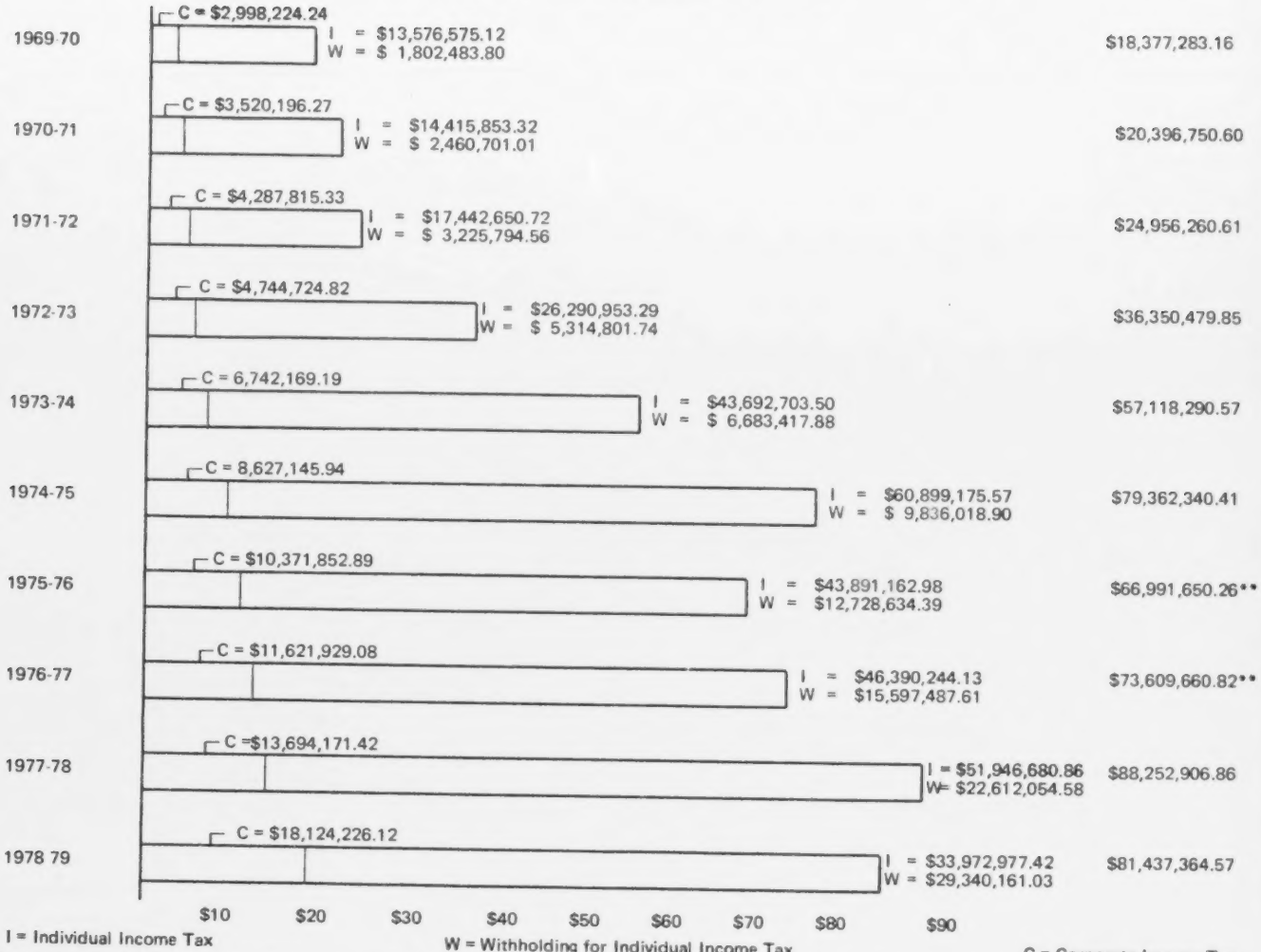
In November, 1976, the citizens of North Dakota voted in favor of an initiated measure which lowered the general sales and use tax rates to 3% and created a special tax rate of 2% for sales of farm machinery and irrigation equipment used exclusively for agricultural purposes. This initiated measure, which became effective January 1, 1977, also eliminated the sales tax on electricity.

The sales tax is levied upon the gross receipts from retail sales of tangible personal property; furnishing or service of steam, gas, water, and communication services; recreation and amusement receipts; magazines, periodicals, and subscriptions to such publications; leasing or renting of hotel, motel, or tourist court accommodations; leasing or renting of tangible personal property.

A use tax is imposed upon any tangible personal property purchased at retail for storage, use, or consumption in this state and not subjected to the North Dakota sales tax law, unless otherwise exempt by law. Generally, this tax applies on purchases of tangible personal property at retail outside North Dakota for use in this state when such purchases are made from a retailer who does not collect a sales and use tax. Under these circumstances, the purchaser must remit the use tax directly to the North Dakota Tax Commissioner.

Sales tax permit holders are categorized through the use of the Standard Industrial Classification System, generally referred to as "SIC" codes. The SIC system is used by government agencies and individual business firms throughout the United States to facilitate record keeping and the compilation of statistics regarding business and industry.

## GROSS INCOME TAX AND SURTAX COLLECTIONS
During Fiscal Years Ended June 30, 1970 to 1979




I = Individual Income Tax W = Withholding for Individual Income Tax C = Corporate Income Tax

*Vietnam Surtax collections for these years are as follows: 1972-73, I = $2,327,522.36, C = $55,060.25; 1973-74, I = $2,370,681.20, C = $110,084.91; 1974-75, I = $2,574,956.92, C = $128,020.24; 1975-76, I = $106,812.92, C = $69,262.06; 1976-77, I = $21,335.36, C = $4,402.80; 1977-78, I = $10,220.67, C = $3,218.40; 1978-79, I = $2,730.08, C = $2,726.43.

From January 1, 1972, to December 31, 1974, a temporary tax of 1% was imposed upon the taxable income of individuals and corporations as a Vietnam Bonus Surtax. Revenue from this tax was placed in a special fund and distributed to members of the United States armed forces. The more current surtax collection figures are a result of delinquent returns.

**An individual income tax inflation credit of 25% of the computed tax liability to a maximum of $100.00 was applicable to the 1976 and 1977 fiscal year collections.

SOURCE: Comparative Statement of Collections and Reconciliation of Income Tax and Surtax Funds, North Dakota State Tax Department.

### INDIVIDUAL INCOME TAX RATES

**Rates Effective January 1, 1969 through December 31, 1972**

| | | | | |
|---|---|---|---|---|
| Up to $3,000 | . . . | Computed at | 1 | % |
| $3,000 to $ 4,000 | . | $ 30.00 plus | 2 | % of excess over $ 3,000 |
| $4,000 to $ 5,000 | . | $ 50.00 plus | 3 | % of excess over $ 4,000 |
| $5,000 to $ 6,000 | . | $ 80.00 plus | 5 | % of excess over $ 5,000 |
| $6,000 to $ 8,000 | . | $130.00 plus | 7½ | % of excess over $ 6,000 |
| $8,000 to $15,000 | . | $280.00 plus | 10 | % of excess over $ 8,000 |
| Over $15,000 | . . . | $980.00 plus | 11 | % of excess over $15,000 |

**Rates Effective January 1, 1973**

| | | | | |
|---|---|---|---|---|
| Up to $1,000 | . . . | Computed at | 1 | % |
| $1,000 to $3,000 | . | $ 10.00 plus | 2 | % of excess over $1,000 |
| $3,000 to $5,000 | . | $ 50.00 plus | 3 | % of excess over $3,000 |
| $5,000 to $6,000 | . | $110.00 plus | 5 | % of excess over $5,000 |
| $6,000 to $8,000 | . | $160.00 plus | 7½ | % of excess over $6,000 |
| Over $8,000 | . . . . | $310.00 plus | 10 | % of excess over $8,000 |

**Rates Effective January 1, 1978**

| | | | | |
|---|---|---|---|---|
| Up to $3,000 | . . . . | Computed at | 1 | % |
| $ 3,000 to $ 5,000 | . | $ 30 plus | 2 | % of excess over $ 3,000 |
| $ 5,000 to $ 8,000 | . | $ 70 plus | 3 | % of excess over $ 5,000 |
| $ 8,000 to $12,000 | . | $ 160 plus | 4 | % of excess over $ 8,000 |
| $12,000 to $30,000 | . | $ 320 plus | 5 | % of excess over $12,000 |
| Over $30,000 | . . . . | $1,220 plus | 7½ | % of excess over $30,000 |

### CORPORATE INCOME TAX RATES

**Rates Effective January 1, 1969 through December 31, 1977**

| | | | |
|---|---|---|---|
| Up to $3,000 | . . . . | Computed at 3% | |
| $3,000 to $ 8,000 | . | $ 90.00 plus 4% | of excess over $ 3,000 |
| $8,000 to $15,000 | . | $290.00 plus 5% | of excess over $ 8,000 |
| Over $15,000 | . . . . | $640.00 plus 6% | of excess over $15,000 |

**Rates Effective January 1, 1978**

| | | | | |
|---|---|---|---|---|
| Up to $3,000 | . . . . | Computed at 3% | | |
| $ 3,000 to $ 8,000 | . | $ 90.00 plus | 4 | % of excess over $ 3,000 |
| $ 8,000 to $15,000 | . | $ 290.00 plus | 5 | % of excess over $ 8,000 |
| $15,000 to $25,000 | . | $ 640.00 plus | 6 | % of excess over $15,000 |
| Over $25,000 | . . . . | $1,240.00 plus | 8½ | % of excess over $25,000 |

## NET OIL AND GAS GROSS PRODUCTION TAX REVENUE DISTRIBUTIONS
## 1977-1979 BIENNIUM

| | FY-78 | | | FY-79 | | |
|---|---|---|---|---|---|---|
| | TOTAL | DISTRIBUTIONS | | TOTAL | DISTRIBUTIONS | |
| | | STATE | COUNTY | | STATE | COUNTY |
| Billings | $ 862,050.27 | $ 539,640.23 | $ 322,410.04 | $ 1,874,741.70 | $1,349,793.37 | $ 524,948.33 |
| Bottineau | 833,464.46 | 516,989.86 | 316,474.60 | 984,836.27 | 638,102.98 | 346,733.29 |
| Bowman | 791,960.78 | 483,568.65 | 308,392.13 | 834,680.20 | 518,917.49 | 315,762.71 |
| Burke | 372,746.64 | 173,732.33 | 199,014.31 | 437,128.04 | 212,276.83 | 224,851.21 |
| Divide | 88,426.29 | 35,370.53 | 53,055.76 | 99,542.99 | 39,817.22 | 59,725.77 |
| Dunn | 747,015.37 | 416,669.26 | 330,346.11 | 1,255,296.59 | 854,237.28 | 401,059.31 |
| Golden Valley | 17,466.08 | 6,986.43 | 10,479.65 | 35,416.69 | 14,166.67 | 21,250.02 |
| McHenry | 9,536.30 | 3,814.54 | 5,721.76 | 11,094.16 | 4,437.67 | 6,656.49 |
| McKenzie | 2,749,220.41 | 2,049,622.83 | 699,597.58 | 3,799,665.91 | 2,889,732.72 | 909,933.19 |
| Mountrail | 83,972.67 | 33,589.08 | 50,383.59 | 82,243.31 | 32,897.34 | 49,345.97 |
| Renville | 720,378.94 | 426,303.16 | 294,075.78 | 717,432.76 | 424,020.65 | 293,412.11 |
| Slope | 38,595.17 | 15,438.09 | 23,157.08 | 30,526.03 | 12,210.42 | 18,315.61 |
| Stark | 957,235.30 | 615,788.25 | 341,447.05 | 890,284.50 | 562,227.60 | 328,056.90 |
| Ward | 31,187.15 | 12,474.87 | 18,712.28 | 30,519.80 | 12,207.92 | 18,311.88 |
| Williams | 2,407,548.78 | 1,776,039.05 | 631,509.73 | 2,339,956.00 | 1,721,964.82 | 617,991.18 |
| TOTAL | $10,710,804.61 | $7,106,027.16 | $3,604,777.45 | $13,423,364.95 | $9,287,010.98 | $4,136,353.97 |
| Penalty/Interest | 223.39 | 223.39 | | 541.02 | 541.02 | |
| TOTAL DISTRIBUTIONS | $10,711,028.00 | $7,106,250.55 | $3,604,777.45 | $13,423,905.97 | $9,287,552.00 | $4,136,353.97 |

SOURCE: State Treasurer's Oil and Gas Gross Production Distribution Report.

The figures represent gross fiscal year collections less the gross collections of June plus the June gross collections of the preceding year less all refunds.

The gross value of oil or gas production at the well, less any part which is specifically exempt, is taxed at a rate of 5%. The tax is remitted to the Tax Commissioner on a quarterly basis by the purchaser or, possibly, by the producer. One-fifth of the annual revenue from this tax is placed in the State General Fund. The remaining four-fifths of the revenue is distributed to the county in which the oil or gas was produced and to the State General Fund on a graduated basis as follows: The first $200,000 each year is distributed 75% to the county and 25% to the General Fund; the second $200,000, 50% to the county, 50% to the General Fund; amounts above $400,000, 25% to the county, 75% to the General Fund. Within the county, these funds are allocated 40% to the county road and bridge fund, 45% to the school districts within the county, and 15% to the incorporated cities.

## COAL CONVERSION FACILITIES TAX 1977-79 BIENNIUM

### KILOWATT HOURS

| | FOR QUARTER YEAR PERIOD ENDING | | | | Total | FOR QUARTER YEAR PERIOD ENDING | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, 1977 | Sept. 30, 1977 | Dec. 31, 1977 | Mar. 31, 1978 | FY-78 | June 30, 1978 | Sept. 30, 1978 | Dec. 31, 1978 | Mar. 31, 1979 | FY-79 |
| Mercer | 830,405,000 | 1,213,591,000 | 1,080,606,700 | 1,428,987,000 | 4,553,589,700 | 1,180,161,000 | 1,134,705,000 | 1,255,408,300 | 1,211,129,000 | 4,781,403,300 |
| Oliver | 693,299,640 | 808,994,000 | 851,152,000 | 764,953,000 | 3,118,398,640 | 1,207,518,000 | 1,237,616,000 | 793,452,000 | 929,596,000 | 4,168,182,000 |
| Total | 1,523,704,640 | 2,022,585,000 | 1,931,758,700 | 2,193,940,000 | 7,671,988,340 | 2,387,679,000 | 2,372,321,000 | 2,048,860,300 | 2,140,725,000 | 8,949,585,300 |
| Tax rate on which collections were based | .25 mill | .25 mill | .25 mill | .25 mill | .25 mill | .25 mill | .25 mill | .25 mill | .25 mill | .25 mill |

### COLLECTIONS

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Mercer | $ 207,601.25 | $ 303,397.75 | $270,151.68 | $ 357,246.75 | $ 1,138,397.43 | $ 295,040.25 | $ 283,676.25 | $ 313,852.08 | $ 302,782.25 | $1,195,350.83 |
| Oliver | 173,324.91 | 202,248.50 | 212,788.00 | 191,238.25 | 779,599.66 | 301,879.50 | 309,404.00 | 198,363.00 | 232,399.00 | 1,042,045.50 |
| Total | $380,926.16 | $505,646.25 | $482,939.68 | $548,485.00 | $1,917,997.09 | $596,919.75 | $593,080.25 | $512,215.08 | $535,181.25 | $2,237,396.33 |

### DISTRIBUTION OF COLLECTIONS

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Counties (35%) | | | | | | | | | | |
| Mercer | $ 72,660.43 | $ 106,189.20 | $ 94,553.08 | $125,036.35 | $ 398,439.06 | $ 103,264.08 | $ 99,286.68 | $ 109,848.22 | $105,973.78 | $418,372.76 |
| Oliver | 60,663.71 | 70,786.97 | 74,475.80 | 66,933.38 | 272,859.86 | 105,657.82 | 108,291.40 | 69,427.05 | 81,339.65 | 364,715.92 |
| State General Fund (65%) | 247,602.02 | 328,670.08 | 313,910.80 | 356,515.27 | 1,246,698.17 | 387,997.85 | 385,502.17 | 332,939.81 | 347,867.82 | 1,454,307.65 |
| TOTAL REVENUES DISTRIBUTED (100%) | $ 380,926.16 | $ 505,646.25 | $ 482,939.68 | $ 548,485.00 | $ 1,917,997.09 | $ 596,919.75 | $ 593,080.25 | $ 512,215.08 | $ 535,181.25 | $ 2,237,396.33 |

SOURCE: Production and collections data from Tax Department records. Distribution data from State Treasurer's Office.

Coal Conversion Facilities Tax

Electrical generating plants which use coal and have a single generating unit with the capacity of 120,000 kilowatts or more are taxed at the rate of 0.25 mill per kilowatt hour of electricity produced for sale. This tax, which we call a privilege tax on coal conversion facilities, is in lieu of all ad valorem taxes except on land. Other energy installations which are subject to the coal conversion facilities tax include coal gasification plants and coal liquification plants which use or are designed to use over 500,000 tons of coal per year. These types of energy plants pay a tax of 2½% of the annual gross receipts or, in the case of coal gasification plants, 10¢ per 1000 cubic feet of gas produced for sale whichever is greater. This tax was applicable only to electrical generating plants in the 1977-79 Biennium.

For the 1977-79 Biennium, 65% of the revenue was deposited in the State General Fund, and 35% of the revenue was allocated back to the county in which the coal conversion facility was located. The monies received by the counties were distributed 30% to the incorporated cities on the basis of the most recent census, 30% to the school districts within the county on the basis of average daily membership and 40% to the county general fund.

## COAL SEVERANCE TAX
## 1977-79 BIENNIUM

### TONNAGES

| | FOR QUARTER YEAR PERIOD ENDING | | | | Total | FOR QUARTER YEAR PERIOD ENDING | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, 1977 | Sept. 30, 1977 | Dec. 31, 1977 | Mar. 31, 1978 | FY-78 | June 30, 1978 | Sept. 30, 1978 | Dec. 31, 1978 | Mar. 31, 1979 | FY-79 |
| Adams | 17,486.59 | 4,772.48 | 14,209.74 | 0 | 36,468.81 | 3,192.97 | 16,205.61 | 6,492.83 | 0 | 25,891.41 |
| Bowman | 722,572.00 | 388,753.00 | 553,494.00 | 629,686.00 | 2,294,505.00 | 872,237.00 | 704,682.00 | 814,797.00 | 562,288.00 | 2,954,004.00 |
| Burke | 34,589.00 | 53,928.00 | 205,907.00 | 222,687.00 | 517,111.00 | 46,842.00 | 67,195.00 | 196,434.00 | 130,167.00 | 440,638.00 |
| Grant | 0 | 0 | 2,553.00 | 1,212.00 | 3,765.00 | 0 | 0 | 2,529.00 | 2,572.00 | 5,101.00 |
| McLean | 0 | 42,350.00 | 6,291.00 | 78,521.00 | 127,162.00 | 87,265.00 | 118,355.00 | 160,138.00 | 331,165.00 | 696,923.00 |
| Mercer | 1,198,079.00 | 1,412,149.00 | 1,147,065.00 | 1,498,090.00 | 5,255,383.00 | 1,369,534.00 | 1,500,389.00 | 1,518,748.00 | 1,328,797.00 | 5,717,468.00 |
| Oliver | 870,229.00 | 812,822.00 | 1,047,561.00 | 832,613.00 | 3,563,225.00 | 1,165,131.00 | 1,235,578.00 | 1,062,062.00 | 1,030,908.00 | 4,493,679.00 |
| Stark | 41,724.00 | 28,180.00 | 29,130.00 | 35,990.00 | 135,024.00 | 37,960.00 | 29,140.00 | 35,905.00 | 51,380.00 | 154,385.00 |
| Ward | 80,255.00 | 68,662.00 | 80,314.00 | 79,906.00 | 309,137.00 | 84,272.00 | 36,170.00 | 89,330.00 | 80,834.00 | 290,606.00 |
| Total | 2,964,934.59 | 2,811,616.48 | 3,086,524.74 | 3,378,705.00[1] | 12,241,780.81 | 3,666,433.97 | 3,707,714.61 | 3,886,435.83[1] | 3,518,111.00 | 14,778,695.41 |
| Tax rate per ton on which collections were based | 56 cents | 65 cents | 66 cents | 69 cents | | 74 cents | 80 cents | 83 cents | 88 cents | |

### COLLECTIONS

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Adams | 9,792.49 | 3,102.11 | 9,378.43 | 0 | 22,273.03 | 2,362.80 | 12,964.49 | 5,389.05 | 0 | 20,716.34 |
| Bowman | 404,640.32 | 252,689.45 | 365,306.04 | 434,483.34 | 1,457,119.15 | 645,455.38 | 563,745.60 | 676,281.51 | 494,813.44 | 2,380,295.93 |
| Burke | 19,369.84 | 35,053.20 | 135,898.62 | 153,654.03 | 343,975.69 | 34,663.08 | 53,756.00 | 163,040.22 | 114,546.96 | 366,006.26 |
| Grant | 0 | 0 | 1,684.98 | 836.28 | 2,521.26 | 0 | 0 | 2,099.07 | 2,263.36 | 4,362.43 |
| McLean | 0 | 27,527.50 | 4,152.06 | 54,179.49 | 85,859.05 | 64,576.10 | 94,684.00 | 132,914.54 | 291,425.20 | 583,599.84 |
| Mercer | 670,924.24 | 917,896.85 | 757,062.90 | 1,033,682.10 | 3,379,566.09 | 1,013,455.16 | 1,200,311.20 | 1,229,773.27 | 1,169,341.36 | 4,612,880.99 |
| Oliver | 487,328.24 | 528,334.30 | 691,390.26 | 574,237.77 | 2,281,290.57 | 862,196.94 | 988,462.40 | 881,511.46 | 907,199.04 | 3,639,369.84 |
| Stark | 23,365.44 | 18,317.00 | 19,225.80 | 24,833.10 | 85,741.34 | 28,090.40 | 23,312.00 | 29,801.15 | 45,214.40 | 126,417.95 |
| Ward | 44,942.80 | 44,630.30 | 53,007.24 | 55,135.14 | 197,715.48 | 62,361.28 | 28,936.00 | 74,143.90 | 71,133.92 | 236,575.10 |
| Total | 1,660,363.37 | 1,827,550.71 | 2,037,106.33 | 2,331,041.25[1] | 7,856,061.66 | 2,713,161.14 | 2,966,171.69 | 3,194,954.17 | 3,095,937.68 | 11,970,224.68 |

SOURCE: State Treasurer's Office

### TOTAL DISTRIBUTION OF COLLECTIONS

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Counties (20%) | | | | | | | | | | |
| Adams | 1,958.50 | 620.42 | 1,875.69 | 0 | 4,454.61 | 472.58 | 2,592.90 | 1,077.78 | 0 | 4,143.26 |
| Bowman | 80,928.07 | 50,537.88 | 73,061.22 | 86,886.76 | 291,413.93 | 129,091.07 | 112,749.12 | 135,256.21 | 98,962.69 | 476,059.09 |
| Burke | 3,873.96 | 7,010.63 | 27,179.72 | 30,727.32 | 68,791.63 | 6,932.62 | 10,751.20 | 32,608.04 | 22,909.39 | 73,201.25 |
| Grant | 0 | 0 | 336.98 | 167.23 | 504.21 | 0 | 0 | 419.82 | 452.67 | 872.49 |
| McLean | 0 | 5,505.50 | 830.41 | 10,834.68 | 17,170.59 | 12,915.24 | 18,936.80 | 26,582.88 | 58,285.04 | 116,719.96 |
| Mercer | 134,184.85 | 183,579.37 | 151,412.57 | 206,712.91 | 675,889.70 | 202,691.04 | 240,062.24 | 245,954.65 | 233,868.27 | 922,576.20 |
| Oliver | 97,465.65 | 105,666.86 | 138,278.04 | 114,887.51 | 456,298.06 | 172,439.41 | 197,692.48 | 176,302.37 | 181,439.81 | 727,874.07 |
| Stark | 4,673.09 | 3,663.40 | 3,845.16 | 4,966.05 | 17,147.70 | 5,618.09 | 4,662.40 | 5,960.22 | 9,042.88 | 25,283.59 |
| Ward | 8,988.55 | 8,926.08 | 10,601.47 | 11,025.78 | 39,541.88 | 12,472.24 | 5,787.20 | 14,828.79 | 14,226.78 | 47,315.01 |
| Total Counties (20%) | 332,072.67 | 365,510.14 | 407,421.26 | 466,208.24 | 1,571,212.31 | 542,632.29 | 593,234.34 | 638,990.76 | 619,187.53 | 2,394,044.92 |
| Impact Office (35%) | 581,127.18 | 639,642.75 | 712,987.22 | 815,864.44 | 2,749,621.59 | 949,606.40 | 1,038,160.09 | 1,118,233.97 | 1,083,578.19 | 4,189,578.65 |
| Land Board (15%) | 249,054.51 | 274,132.61 | 305,565.95 | 349,656.19 | 1,178,409.26 | 406,974.17 | 444,925.75 | 479,243.13 | 464,390.65 | 1,795,533.70 |
| State General Fund (30%) | 498,109.01 | 548,265.21 | 611,131.90 | 699,312.38 | 2,356,818.50 | 813,948.34 | 889,851.51 | 958,486.25 | 928,781.31 | 3,591,067.41 |
| TOTAL REVENUES DISTRIBUTED (100%) | 1,660,363.37 | 1,827,550.71 | 2,037,106.33 | 2,331,041.25 | 7,856,061.66 | 2,713,161.20[2] | 2,966,171.69 | 3,194,954.11[3] | 3,095,937.68 | 11,970,224.68 |

SOURCE: State Tax Department records and State Treasurer's Office.

(See narrative explanation on following page)

[1] Includes adjustment for scale calibration errors. Rates prior to current rate was the applied to the total tonnage that was taxable.

[2] Includes overpayment of $.06.

[3] Correction of overpayment of $.06.

## COAL SEVERANCE TAX

The Coal Severance Tax was enacted by the 1975 North Dakota Legislature. This tax applied to coal severed from the ground on a rate per ton basis. The 1975 law provided for a 50¢ per ton tax with an escalator clause that increased the tax 1¢ per ton for each 3-point increase in the Wholesale Price Index. The 1975 law was made effective July 1, 1975.

The revenues collected during the 1975-77 Biennium were distributed according to the following formula:

1. 35% is allocated to a special fund to be granted by the Impact Office to impacted political subdivisions.
2. 30% is allocated to a special trust fund to be administered by the State Land Board.
3. 5% is allocated to coal-producing counties.
4. 30% is allocated to the State General Fund.

The 1975 law was replaced with the 1977 law, changing the rate and the distribution formula. The 1977 law, effective July 1, 1977, provided for a 65¢ per ton tax with an escalator clause that increased the tax 1¢ per ton on a quarterly basis for every one point increase in the Wholesale Price Index.

The 1977 law also changed the distribution of revenues to the following:

1. 35% is allocated to a special fund to be granted by the Impact Office to impacted political subdivisions.
2. 15% is allocated to a special trust fund to be administered by the State Land Board.
3. 20% is allocated to coal-producing counties.
4. 30% is allocated to the State General Fund.

The 1977 law was replaced with the 1979 law. The 1979 law, effective July 1, 1979, provides for an 85¢ per ton tax with an escalator that will increase the tax 1¢ per ton on a semi-annual basis for every four point increase in the Wholesale Price Index (now known as the Producer Price Index).

## TRANSMISSION LINE TAX COLLECTIONS

| | 1975-77 Biennium* | | 1977-79 Biennium | |
|---|---|---|---|---|
| | FY-76 | FY-77 | FY-78 | FY-79 |
| Transmission Line Tax | $126,210.00* | $127,989.00 | $86,535.00** | $286,367.04** |

Collections represent payments made by cooperatives that owned or operated electrical transmission lines of 230 kilovolts or larger. They were taxed at the rate of $150.00 per mile for the collection periods FY-76, 77 and 78. The FY-79 collection period reflects a tax rate of $225.00 per mile.

*FY-76 transmission line tax collections of $37,875.00, excluding penalty, was due in FY-75.

**FY-79 transmission line tax collections of $41,454.00, excluding penalty, was due in FY-78.

SOURCE: Property Tax Division, N. D. State Tax Department.

## RURAL ELECTRIC COOPERATIVES AND MUTUAL AND COOPERATIVE TELEPHONE COMPANIES

Rural electric cooperatives are nonprofit cooperative corporations engaged in the distribution or transmission of electric energy primarily for consumption in rural areas. Rural electric cooperatives also include those nonprofit cooperative corporations engaged in the generation of electric energy primarily for consumption in rural areas. The electrical energy generating units of such plants are under 100,000 kilowatts of generating capacity. Such plants are taxable pursuant to chapter 57-33, NDCC.

Rural electric cooperatives are taxed at 1% of their gross receipts each year for the first 5 years and 2% each year thereafter in lieu of taxes on all property except land. The tax of each rural electric cooperative is certified by the Tax Commissioner to the counties for collection and is allocated by the county auditor to the taxing district in which the rural electric line or plant, as the case may be, is located.

Mutual and cooperative telephone companies are taxed at a graduated rate. The tax of each company is certified by the Tax Commissioner to the counties and apportioned to the school districts in which its telephones are located.

TAXES CERTIFIED TO COUNTIES FOR COLLECTION FOR THE YEARS OF:[1]

| | 1975 | 1976 | 1977 | 1978 |
|---|---|---|---|---|
| Rural Electric Cooperative | $812,298.53 | $938,584.84 | $1,114,644.02 | $1,318,031.74 |
| Mutual & Co-op Telephone Co. | 252,492.51 | 289,994.58 | 267,725.76 | 261,480.88 |

[1]These taxes are certified in the fall of the indicated years and payable in the following year.

SOURCE: Property Tax Division, N. D. State Tax Department.

## SPECIAL FUELS TAX AND MOTOR VEHICLE FUEL TAX COLLECTIONS, GALLONAGE AND DISBURSEMENTS

**July 1, 1977 – June 30, 1979**

| SPECIAL FUELS COLLECTIONS | FY-78 | FY-79 |
|---|---|---|
| Special Fuels Tax | $6,631,576.86 | $7,349,681.14 |
| Special Fuels Excise Tax | 2,971,683.56 | 3,458,559.99 |
| Special Fuels License Fees Collected | 5,457.60 | 12,916.94 |
| Penalty and Interest Collected | 9,692.48 | 6,750.76 |
| Total Collections | $9,618,410.50 | $10,827,908.83 |
| Net Refunds Paid | 1,094,687.24 | 1,423,249.65 |
| Net Special Fuels Tax & Fees | 8,523,723.26 | 9,404,659.18 |
| **GALLONAGE** | | |
| Gallons on which tax was paid | 84,913,314 | 91,912,182 |
| Gallons on which tax was Refunded | 17,635,194 | 21,639,433 |
| Total Net Gallons on which Tax was Paid | 67,278,120 | 70,272,749 |
| **SPECIAL FUELS TAX DISBURSEMENTS** | | |
| Earmarked for Refund | $1,450,000.00 | $ 950,000.00 |
| Highway Distribution Fund | 7,941,795.48 | 9,648,105.48 |
| Aeronautics Construction Fund | 226,615.02 | 229,803.35 |
| Total Disbursements | $9,618,410.50 | $10,827,908.83 |
| **MOTOR VEHICLE FUELS COLLECTIONS** | | |
| Motor Vehicle Fuel Tax | $32,409,592.78 | $33,686,719.32 |
| Penalty and Interest Collected | 8,836.85 | 9,040.71 |
| Total Collections | $32,418,429.63 | $33,695,760.03[1] |
| Net Refunds Paid | 4,502,494.30 | 4,566,326.51 |
| Net Motor Vehicle Fuel Tax | 27,915,935.33 | 29,129,433.52 |
| **GALLONAGE** | | |
| Gallons on which Tax was Paid | 418,637,919 | 429,513,145 |
| Gallons on which Tax was Refunded | 61,405,099 | 58,647,620 |
| Total Net Gallons on which Tax was Paid | 357,232,820 | 370,865,525 |
| **MOTOR VEHICLE FUEL TAX DISBURSEMENTS** | | |
| Earmarked for Operating | 239,000.00 | $ 236,000.00 |
| Earmarked for Refunds | 4,730,047.48 | 4,721,909.59 |
| Highway Distribution Fund | 27,301,237.89 | 28,578,940.66 |
| Aeronautics Commission Special | 75,500.00 | 111,500.00 |
| Aeronautics Commission Construction Fund | 72,644.26 | 47,409.78 |
| Total Disbursements | $32,418,429.63 | $33,695,760.03 |

A tax of 8¢ per gallon (as of July 1, 1977) is levied on the sale or delivery to a user of all special fuels except those used for heating, agricultural, industrial, or railroad purposes. This tax is refundable when used for non-highway purposes. A tax rate of 2% is levied on the sale price of all special fuel which is exempt from the 8¢ per gallon tax. The 2% tax is not refundable.

Motor vehicle fuel (gasoline) sold to persons other than licensed dealers is taxed at the rate of 8¢ per gallon (as of July 1, 1977). This tax is refundable when the fuel is used for agricultural or industrial purposes.

The motor fuel and special fuel taxes are administered by the Tax Commissioner and turned over to the State Treasurer for distribution. A part of the fuel tax collections is set aside to pay for administration of the tax and to allow for refunds and the remaining portions are transferred to the State Treasurer who deposits such moneys in a highway distribution fund which shall be distributed in the manner as prescribed by law.

[1]The 1979 Legislature enacted a law imposing a four cent per gallon tax on the sale of gasohol effective April 1, 1979. May and June of 1979 collections include gasohol tax collections of $999.66.

## BANKS AND BUILDING AND LOAN ASSOCIATIONS

Banks and building and loan associations are taxed at 5% of their net income for the preceding year in lieu of all taxes except motor vehicle fuel and special fuel taxes, sales and use taxes, including motor vehicle excise taxes, and taxes upon real and personal property.[1] The tax of each bank and building and loan association is certified by the Tax Commissioner to the counties for collection and is apportioned to the state, county and local taxing districts in which the bank or building and loan association is located.

TAXES CERTIFIED TO COUNTIES FOR COLLECTION IN YEARS:[2]

| | 1974 | 1975 | 1976 | 1977[3] | 1978 |
|---|---|---|---|---|---|
| Banks | $1,207,526.62 | $1,520,443.96 | $1,519,231.80 | $2,237,518.76 | $1,951,102.00 |
| Building & Loan Associations | 272,469.39 | 308,296.38 | 356,566.67 | 490,229.16 | 528,561.10 |

[1]There is an additional 2% business privilege tax on net income. The revenue from this tax is placed in the State General Fund. Revenue from this tax is not included in the above figures.

[2]Example: Taxes certified to the counties in 1977 are based upon 1976 net income of the banks and B.L.A. They are required to remit to the counties by December 31 of the certification year. The same dates apply to other years as well.

[3]Increased from previously published figure due to auditing with resulting collections on current and previous years.

SOURCE: Income Tax Division, N. D. State Tax Department.

## BUSINESS AND CORPORATION PRIVILEGE TAX COLLECTIONS

| 1975-77 Biennium | | 1977-79 Biennium | |
|---|---|---|---|
| FY-76 | FY-77 | FY-78 | FY-79 |
| $10,523,875.82 | $9,234,009.50 | $9,056,057.95 | $10,235,468.77 |

Each individual, estate, trust, corporation or partnership doing business in North Dakota was subject to a privilege tax of 1% upon net income in excess of $2,000.00 derived from the operation of any business or any trade or profession in North Dakota. There is no minimum tax. Banks and Building and Loan Associations are required to pay a 2% business privilege tax. Revenues are placed in the State General Fund. Effective January 1, 1981, the 1% privilege tax will be repealed.

SOURCE: Comparative Statement of Collections, N. D. State Tax Department.

## CIGARETTE AND TOBACCO PRODUCTS TAX COLLECTIONS

| | 1975-77 Biennium | | 1977-79 Biennium | |
|---|---|---|---|---|
| | FY-76 | FY-77 | FY-78 | FY-79 |
| 3¢ per package cigarette tax distributed to cities on population basis | $2,316,984.87 | $2,285,583.32 | $2,316,063.18 | 2,302,427.31 |
| 8¢ per package cigarette tax distributed to State General Fund | 6,178,625.34 | 6,094,886.23 | 6,176,167.46 | 6,139,804.87 |
| 11% of the wholesale price of tobacco products distributed to State General Fund | 184,849.69 | 189,266.72 | 199,569.21 | 204,029.56 |

SOURCE: Comparative Statement of Collections, N. D. State Tax Department.

## CAR LINES, EXPRESS COMPANIES AND AIRLINES

Operating properties of car line companies, express companies and air transportation companies are assessed by the State Board of Equalization with taxes computed by the Tax Commissioner and certified to the State Treasurer for collection. The taxes upon car line companies and express companies are deposited in the State General Fund. The taxes upon air transportation companies are allocated by the State Treasurer to the city or municipal airport authority where such company makes regularly scheduled landings according to the ratio that the annual gross landing weight of the company for such city or municipal airport authority bears to the total annual gross landing weight of the company for all cities of municipal airport authorities where it makes regularly scheduled landings; these taxes are to be used exclusively for airport purposes.

TAX CERTIFIED TO STATE TREASURER FOR THE YEARS OF:[1]

| | 1976 | 1977 | 1978 | 1979 |
|---|---|---|---|---|
| Airlines | $352,475.50 | $380,118.85 | $395,198.58 | $485,695.62 |
| Car Lines | 425,896.28 | 784,285.87 | 715,730.14 | 713,743.29 |
| Express | 914.76 | | | |

[1]Car line assessments are set by the State Board in August. The tax amounts are computed in the spring of the following year using the statewide average mill levy for the year of the assessment.

Example: Value set in August, 1976, is multiplied by 50 percent (for the taxable value) and by the statewide average mill levy for 1976.

The amount of tax is certified to the State Treasurer by March 31 of the year following the assessment (in the above example, March 31, 1977). The taxes payable to the State Treasurer by April 15 of the same year (delinquent May 1). Money is deposited in the State General Fund.

Airline taxes are handled the same way except that the mill rate used is the average millage rate for cities with an airport. Taxes are allocated to the airports on the basis of gross landing weight.

Express companies (Railway Express) were handled the same way using the statewide average mill levy, certification to the Treasurer and the money deposited in the State General Fund. The company is now out of business resulting in no certification for 1977.

SOURCE: Property Tax Division, N. D. State Tax Department.

## ESTATE TAXES ASSESSED*

| COUNTY | YEAR ENDING JUNE 30, 1978 | | | YEAR ENDING JUNE 30, 1979 | | |
|---|---|---|---|---|---|---|
| | TAX (Chapter 57-37) | TAX (Chapter 57-37.1) | TOTAL TAX State & County** | TAX (Chapter 57-37) | TAX (Chapter 57-37.1) | TOTAL TAX State & County** |
| Adams | $ 18.84 | $ 14,447.10 | $ 14,465.94 | $ 86.04 | $ 12,289.15 | $ 12,375.19 |
| Barnes | 8,501.49 | 74,114.61 | 82,616.10 | 2,241.14 | 77,634.79 | 79,875.93 |
| Benson | 2,097.96 | 11,444.72 | 13,542.68 | 739.43 | 29,405.53 | 30,144.96 |
| Billings | 207.41 | 2,277.37 | 2,484.78 | 441.56 | 1,009.14 | 1,450.70 |
| Bottineau | 255.01 | 38,433.75 | 38,688.76 | 347.67 | 36,455.45 | 36,803.12 |
| Bowman | 4,124.40 | 46,179.57 | 50,303.97 | 524.13 | 11,477.00 | 12,001.13 |
| Burke | 100.94 | 14,337.61 | 14,438.55 | 21.20 | 5,407.86 | 5,429.06 |
| Burleigh | 1,594.68 | 67,102.87 | 68,697.55 | 1,569.22 | 187,579.50 | 189,148.72 |
| Cass | 124,516.73 | 656,334.20 | 780,850.93 | 7,438.82 | 510,220.39 | 517,659.21 |
| Cavalier | 21,001.23 | 29,166.68 | 50,167.91 | | 18,885.72 | 18,885.72 |
| Dickey | 6,739.02 | 22,795.66 | 29,534.68 | 404.24 | 133,144.03 | 133,548.27 |
| Divide | 69.17 | 26,246.77 | 26,315.94 | | 47,918.30 | 47,918.30 |
| Dunn | 44.30 | 9,520.18 | 9,564.48 | 11.20 | 1,556.75 | 1,567.95 |
| Eddy | 4,265.82 | 4,104.51 | 8,370.33 | 28.00 | 109,188.51 | 109,216.51 |
| Emmons | | 22,081.85 | 22,081.85 | 640.48 | 3,775.00 | 4,415.48 |
| Foster | 16,750.39 | 11,171.76 | 27,922.15 | 496.00 | 23,644.85 | 24,140.85 |
| Golden Valley | 465.79 | 36,983.29 | 37,449.08 | 4,633.64 | 12,535.67 | 17,169.31 |
| Grand Forks | 21,601.79 | 159,428.36 | 181,030.15 | 6,072.07 | 247,319.19 | 253,391.26 |
| Grant | 215.21 | 7,055.44 | 7,270.65 | 788.08 | 4,054.77 | 4,842.85 |
| Griggs | 12,627.62 | 4,769.85 | 17,397.47 | 13,071.19 | 23,421.69 | 36,492.88 |
| Hettinger | 118.00 | 17,517.97 | 17,635.97 | | 5,072.99 | 5,072.99 |
| Kidder | 2,248.90 | 5,724.45 | 7,973.35 | 27.60 | 1,550.69 | 1,578.29 |
| LaMoure | 1,561.06 | 62,804.07 | 64,365.13 | 1,280.53 | 54,649.73 | 55,930.26 |
| Logan | | 6,723.21 | 6,723.21 | | 31,293.48 | 31,293.48 |
| McHenry | 154.49 | 36,288.79 | 36,443.28 | 588.40 | 22,835.78 | 23,424.18 |
| McIntosh | 7,714.08 | 1,767.08 | 9,481.16 | 201.44 | 9,950.99 | 10,152.43 |
| McKenzie | 1,652.08 | 8,949.86 | 10,601.94 | 2,078.28 | 20,643.21 | 22,721.49 |
| McLean | 11,748.84 | 31,421.51 | 43,170.35 | 1,491.24 | 161,860.82 | 163,352.06 |
| Mercer | 322.88 | 14,925.63 | 15,248.51 | 132.26 | 72,565.54 | 72,697.80 |
| Morton | 6,056.59 | 61,143.92 | 67,200.51 | 139.17 | 67,875.43 | 68,014.60 |
| Mountrail | 5,166.67 | 18,986.12 | 24,152.79 | 47,679.93 | 14,045.76 | 61,725.69 |
| Nelson | 376.88 | 19,591.19 | 19,968.07 | | 130,731.40 | 130,731.40 |
| Oliver | 264.00 | 123.62 | 387.62 | | 1,232.80 | 1,232.80 |
| Pembina | 7,836.44 | 36,922.00 | 44,758.44 | 9,621.70 | 183,792.72 | 193,414.42 |
| Pierce | 791.63 | 19,436.59 | 20,228.22 | 2,823.43 | 7,886.35 | 10,709.78 |
| Ramsey | 4,774.14 | 61,441.82 | 66,215.96 | | 94,352.34 | 94,352.34 |
| Ransom | 26,004.81 | 53,404.49 | 79,409.30 | 13.95 | 18,984.35 | 18,998.30 |
| Renville | 6,380.58 | 46,828.93 | 53,209.51 | 707.01 | 12,562.41 | 13,269.42 |
| Richland | 18,436.27 | 58,343.05 | 76,779.32 | 1,927.81 | 119,902.07 | 121,829.88 |
| Rolette | 444.96 | 22,709.10 | 23,154.06 | | 52,873.85 | 52,873.85 |
| Sargent | 15.27 | 6,667.58 | 6,682.85 | 361.82 | 17,319.41 | 17,681.23 |
| Sheridan | | 1,901.31 | 1,901.31 | 173.00 | 12,806.91 | 12,979.91 |
| Sioux | 164.81 | 1,172.23 | 1,337.04 | | 632.75 | 632.75 |
| Slope | 108.50 | 552.93 | 661.43 | 55.61 | 351.71 | 407.32 |
| Stark | 1,160.34 | 165,080.57 | 166,240.91 | 389.99 | 73,285.33 | 73,675.32 |
| Steele | 7,748.66 | 47,778.58 | 55,527.24 | | 48,744.42 | 48,744.42 |
| Stutsman | 10,129.79 | 87,575.97 | 97,705.76 | 99.07 | 205,600.54 | 205,699.61 |
| Towner | 20,187.71 | 34,672.24 | 54,859.95 | 4,637.16 | 10,218.67 | 14,855.83 |
| Traill | 11,025.61 | 63,275.26 | 74,300.87 | 8,940.07 | 63,577.68 | 72,517.75 |
| Walsh | 11,626.52 | 172,112.87 | 183,739.39 | 2,980.79 | 43,014.38 | 45,995.17 |
| Ward | 1,212.91 | 132,541.54 | 133,754.45 | 6,453.39 | 89,258.77 | 95,712.16 |
| Wells | 13,926.09 | 53,529.64 | 67,455.73 | 131.73 | 135,960.67 | 136,092.40 |
| Williams | 7,210.20 | 35,148.92 | 42,359.12 | 15,993.40 | 24,863.81 | 40,857.21 |
| Miscellaneous | 184.96 | 1,584.09 | 1,769.05 | | | |
| TOTALS | $411,952.47 | $2,646,643.28 | $3,058,595.75 | $148,482.89 | $3,307,221.05 | $3,455,703.94 |

*The above schedule indicates only the amount of estate taxes determined in the respective counties and does not reflect any subsequent proration between other counties or municipalities.

**Chapter 57-37 distributes 65% to county and 35% to state. Chapter 57-37.1 distributes 100% to county and cities in the county.

SOURCE: Estate Tax Section – TX-3030 Records, N. D. State Tax Department.

Property transferred at death, during lifetime in comtemplation of death, or in a manner intended to take effect at death is subject to the estate tax. North Dakota does not have a separate gift tax law. The estate tax is administered by the State Tax Commissioner and is imposed on the full and fair market value of the estate less exemptions and deductions. It is not imposed on the individual beneficiary.

Effective for deaths occurring on or after January 1, 1977, North Dakota adopted the provisions of the Federal Tax Reform Act of 1976. In place of the unified credit, North Dakota adopted a $200,000 exemption and a separate rate schedule.

Effective March 16, 1979, the rate of the estate tax shall equal the maximum federal estate tax credit for state death taxes.

## WHERE GENERAL AD VALOREM PROPERTY TAXES, SPECIAL PROPERTY TAXES AND SPECIAL ASSESSMENTS COME FROM

**(Levied in 1978 – Payable in 1979)**

| | |
|---|---|
| **PERSONAL PROPERTY (.03% of Total)** | |
| Total | $ 48,055.88 |
| **SPECIAL PROPERTY TAXES (2.97% of Total)** | |
| Telehpone (Mutual & Rural) | 261,480.88 |
| Mobile Home | 1,666,303.76 |
| REA Co-ops | 1,318,031.74 |
| Bank | 1,951,102.00 |
| Building and Loan Associations | 528,561.10 |
| Woodland | 8,249.17 |
| Total | $5,733,728.65 |
| **UTILITIES (7.40% of Total)** | |
| Railroads | $ 3,072,611.88 |
| Telephone | 5,445,474.51 |
| Telegraph | 29,281.42 |
| Electric, Gas, Water & Heat | 4,974,390.39 |
| Pipe Lines | 732,420.36 |
| Mobile Radio[1] | 4,413.53 |
| Total | $14,258,592.09 |
| **REAL ESTATE (89.60%)[2]** | |
| Rural | $ 76,153,845.41 |
| City | 96,466,835.95 |
| Total | $172,620,681.36 |
| **GRAND TOTAL (100%)** | $192,661,057.98 |

[1]Taxes were first levied on Mobile Radios in 1978. Effective in 1980, they will be exempt.

[2]Includes all special assessments.

SOURCE: 1979 Statistical Report, 1978 Property Taxes Levied, 1979 Property Valuation, N. D. State Tax Department.

Real property owned by a corporation, partnership, individual, estate or trust is subject to a tax based on its valuation. The property tax, except the tax on the operating property of railroads and other utilities, is assessed and administered locally. This tax is collected and distributed by the county to the county, cities, townships, school districts, and other taxing districts. The NDCC provides that assessments be at 100% of full and true value and that the tax be computed on 50% of assessed value. The state constitution authorizes a maximum general 4-mill state property tax levy, but this tax has not been levied in recent years.

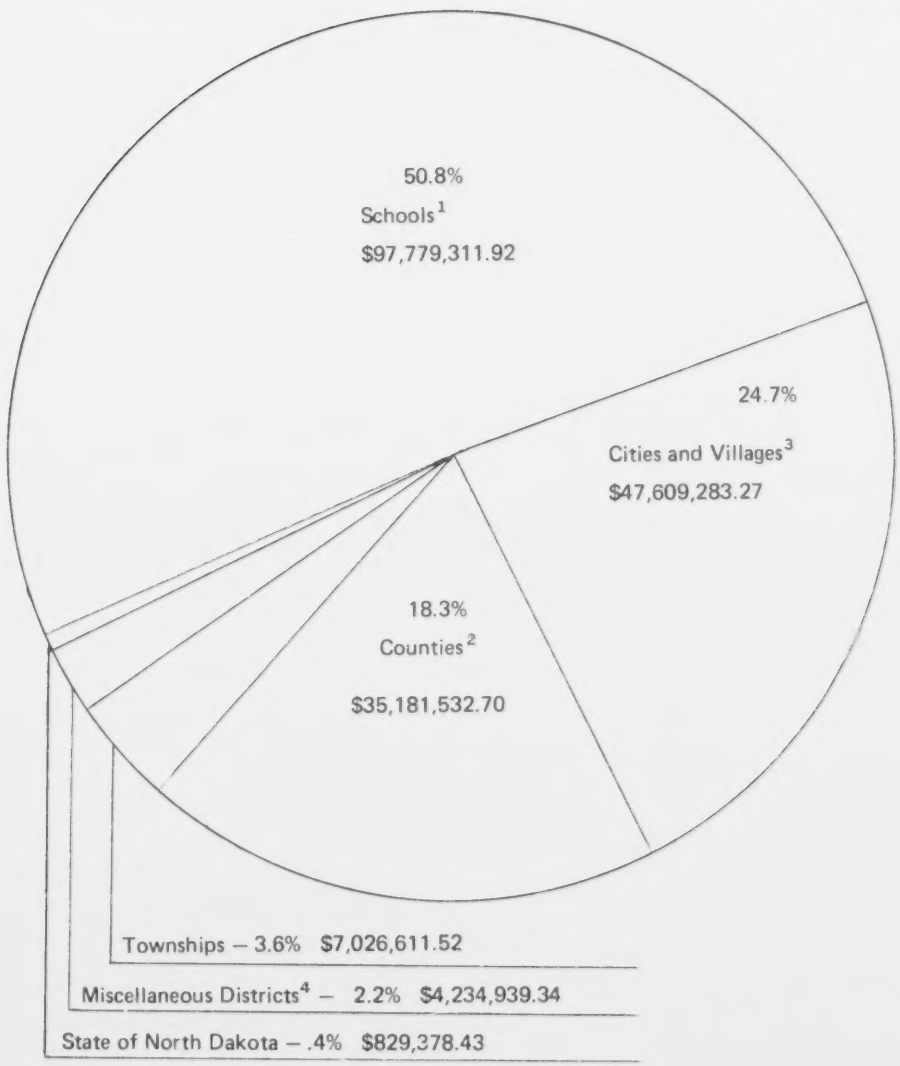
Taxes on personal proprty, except those properties assessed by the State Board of Equalization and certain personal properties owned by nonprofit corporations were exempted by the 1969 Legislature.

Public utilities and railroads are taxed on the value of their operating properties. The assessed valuation of this property is determined by the State Board of equalization. Taxable valuation is 50% of assessed valuation.

Mutual or cooperative telephone companies and rural electric cooperatives are subject to a tax upon their gross receipts. Electrical generating plants are subject to a tax on electricity produced for sale either through a gross receipts tax or a per kilowatt hour tax. Large transmission lines are taxed on a per mile basis. The taxes on electrical production, gross receipts from electricity production, or large transmission lines are not included in the above.

## WHERE GENERAL AD VALOREM PROPERTY TAXES, SPECIAL PROPERTY TAXES AND SPECIAL ASSESSMENTS GO

**(Levied in 1978 – Payable in 1979)**




**GRAND TOTAL: $192,661,057.18**

1. Including County Special Education Fund and County Equalization Fund.
2. Including County Park Districts and Vector Control Districts.
3. Including City Park Districts and Special Assessments.
4. Garrison Diversion, Water Management Districts, Rural Fire Districts, and All Special Assessments for Rural Districts.

SOURCE: 1979 Statistical Report, 1978 Property Taxes Levied, 1979 Property Valuation, N. D. State Tax Department.

## PROPERTY TAX INFORMATION

### SENIOR CITIZENS AND DISABLED PERSONS PROPERTY TAX REFUNDS AND CREDITS

| Year | Number of Persons Receiving Renter's Refunds | Number of Homeowner's Credits | Homeowner Assessed Value of Property Exempted |
|---|---|---|---|
| 1970[1] | | 4872 | $ 3,177,301. |
| 1971[1] | | 5463 | 3,576,651. |
| 1972[1] | | 5435 | 3,550,818. |
| 1973[2] | | 5073 | 3,246,493. |
| 1974[2] | 297 | 5050 | 4,296,571. |
| 1975[3] | 458 | 5545 | 5,897,618. |
| 1976[3] | 553 | 6199 | 6,078,059. |
| 1977[4] | 1380 | 8765 | 11,140,880. |
| 1978[4] | 2270 | 9851 | 12,694,883. |

[1]In 1969, the North Dakota Legislature enacted a law which granted certain senior citizens who are homeowners a real estate tax credit. The applicant must have been 65 years of age or older on the first day of April in the year in which the homestead was claimed. The applicant must not have had an income of more than $3,000.00 annually from all sources. The amount by which the real estate assessment could be reduced by the Homestead Credit was limited to either one-half of the assessed value of the real estate or $1,000.00 in assessed value, whichever was less.

[2]In 1973, the North Dakota Legislature extended provisions of this credit to include homeowners and renters who have income of $3,500.00 or less per year and were 65 years of age or older in the year in which the tax was levied. For purposes of the renter refund, twenty percent of the annual rent exclusive of charges for services such as heat, lights, and furniture was considered to be property taxes. A renter applicant was entitled to a refund for that portion of his or her rental payments which exceed five percent of his/her income. Renter refunds could not exceed one hundred dollars.

[3]In 1975, the North Dakota Legislature extended provisions of this credit and renter's refunds for homeowners, renters and disabled persons who have income of $5,000.00 or less per year. For the disabled requirement, the applicant must be permanently and totally disabled, but there was no age requirement. Disabled applicants may apply for either a homeowner credit or a renter refund. For homeowners, the credit was limited to a reduction of the assessed valuation of the homestead as determined by the following schedule:

| If your income is | Reduction | Maximum Reduction Allowed |
|---|---|---|
| $ 0-2,500 | 100% | $3,000 |
| 2,501-3,500 | 75% | 1,500 |
| 3,501-4,500 | 50% | 1,000 |
| 4,501-5,000 | 25% | 500 |

[4]In 1977, the North Dakota Legislature extended provisions of this credit and renter's refunds for homeowners, renters and disabled persons who have an income of $8,000.00 or less per year. For homeowners, the credit was limited to a reduction of the assessed valuation of the homestead as determined by the following schedule:

| If your income is | Reduction | Maximum Reduction Allowed |
|---|---|---|
| $ 0-3,500 | 100% | $4,000 |
| 3,501-4,500 | 80% | 3,200 |
| 4,501-5,500 | 60% | 2,400 |
| 5,501-6,500 | 40% | 1,600 |
| 6,501-8,000 | 20% | 800 |

For renters to receive a refund for part of the rent, the annual rent payments must use up a certain percentage of the income. When 20% of the annual rent exceeds 4% of the income, a refund for the overpayment of rent is paid. A refund cannot exceed $175.

In 1979, the North Dakota Legislature extended provisions of this credit and renter's refund for homeowners, renters and disabled persons who have an income of $9,000.00 or less per year.

For homeowners, the credit is limited to a reduction of the assessed valuation of the homestead as determined by the following schedule:

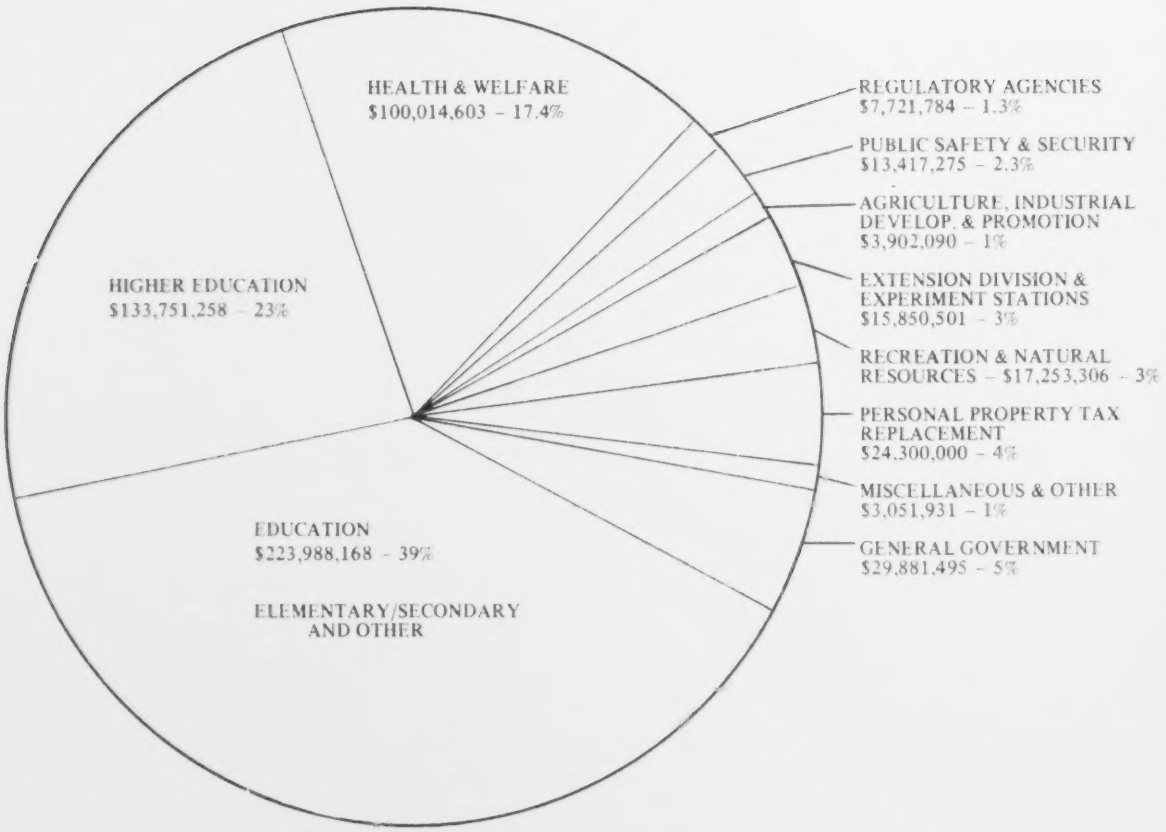
| If your income is | Reduction | Reduction Allowed |
|---|---|---|
| $ 0-4,500 | 100% | $4,000 |
| 4,501-5,500 | 80% | 3,200 |
| 5,501-6,500 | 60% | 2,400 |
| 6,501-7,500 | 40% | 1,600 |
| 7,501-9,000 | 20% | 800 |

This law will affect 1980 assessed values.

SOURCE: Property Tax Division, North Dakota State Tax Department.

## GENERAL FUND
## 1977-1979 APPROPRIATIONS

**Total General Fund – $573,132,411**
**$928 Per Capita – 1970 Census**




SOURCE: State of North Dakota Budget, Legislature Appropriations for 1975-1977 Biennium, Legislature Appropriations for 1977-1979 Biennium, Department of Accounts and Purchases.

## STATEMENT OF EXPENDITURES
### 1977-79 Biennium

| | 1977-78 Expenditures | 1978-79 Expenditures | Total |
|---|---|---|---|
| Salaries and Wages | $1,610,673.63 | $1,728,120.86 | $3,338,794.49 |
| Fees and Services | 255,977.12 | 313,040.75 | 569,017.87 |
| Supplies and Materials | 92,238.52 | 98,044.44 | 190,282.96 |
| Equipment | 13,089.48 | 21,213.23 | 34,302.71 |
| Data Processing | 275,805.98 | 342,504.18 | 618,310.16 |
| Microfilming | 58.00 | 2,817.70 | 2,875.70 |
| Multi-state Tax Compact | 25,383.66 | 23,516.34 | 48,900.00 |
| Homestead Credit Administration | 5,152.36 | 5,552.47 | 10,704.83 |
| TOTALS | $2,278,378.75 | $2,534,809.97 | $4,813,188.72 |

SOURCE: Financial Statement for fiscal years ended June 30, 1978, and June 30, 1979, Controller's Division, North Dakota Tax Department.

## RESOURCES AVAILABLE FROM THE NORTH DAKOTA TAX DEPARTMENT

### Commissioner's Division

Biennial Report of the Tax Commissioner

### Income Tax Division

Business and Corporation Privilege Tax Rules and Regulations
Income Tax Law, Rules and Regulations
Guidelines
Practitioners' Newsletter
Nonresident Withholding Tables for Income Tax
Withholding Information for Employers

### Property Tax Division

Statistical Report
North Dakota Sales Ratio Study
Proceedings of the State Board of Equalization
Assessors' Manual
Taxation Manual

### Sales and Special Taxes

Sales and Use Tax Law, Rules and Regulations
Estate Tax Law, Rules and Regulations
Motor Vehicle Fuel Tax Law, Rules and Regulations
Guidelines
Motor Vehicle Fuel Tax Newsletters
Sales and Use Tax Quarterly Newsletters
Sales and Use Statistical Report